# FINANCIAL TIMES

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## NEWS SUMMARY

## Britain slides back to work

Britain is also back at work today after the Christmas-New Year break—but continuing chaos on road and rail caused by the weather could mean half-empty offices and factories almost everywhere.

Hundreds of roads from Scotland to Cornwall remained impassable last night and little improvement was expected this morning with overnight temperatures well below freezing.

All motorways are still affected, many having only one lane open in each direction. Police have again warned that only essential journeys should be undertaken.

Scotland remains the worst-hit area, with 20 major roads—including the M9, M90 and A1—partially closed.

British Rail said it hoped to run normal services today but train times would be hit because of staff having difficulty getting to work. Frozen-up coaches pose another threat to commuter services.

London Heathrow Airport was virtually back to normal yesterday amid protest by some airlines that the British Airports Authority had not done enough to clear iced taxiways.

Sport was badly hit. All racing was cancelled—and will be again today—and only four Football League matches started, one of which was abandoned. It was the worst day for soccer postponements since the big freeze up of 1963. Forecast, Back Page

### GENERAL

## Appeal to unions by PM

Prime Minister James Callaghan's New Year message contains an appeal to the trade unions not to abuse their power in what will be "a year of decision and advance" as the British choose at a general election the path they will follow for the next decade.

The country had already proved the doom-mongers wrong, he said. Now inflation had to be permanently defeated, industrila change accepted and the UK revival, primed by North Sea oil, maintained.
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### Tyranny threat says Smith

Rhodesian Prime Minister Ian Smith, is his last New Year message before retiring in April, said the Anglo-American plan for an all-party conference was "a write-off" and he warned that only the internal settlement could save Rhodesia from "tyranny and totalitarianism." Page 2

### China celebrates

Senior Chinese and U.S. officials toasted the establishment of diplomatic relations in Peking. China has also switched to a new phonetic alphabet starting this week. Details, Back Page; Feature, Page 2

### Sadat's priority

President Sadat of Egypt says the issue of a peace treaty with Israel has dropped to second or third place in Egypt's list of priorities. First place is now occupied by the "Carter plan" for increased U.S. aid to Egypt. Page 2

### Hess 'stable'

Rudolf Hess, former deputy to Hitler, was in a stable condition at the British Military hispital, West Berlin, where he was taken three days ago with a blood circulation disorder.

### Napoli New Year

The people of Naples woke to to count the cost of their New Year's Eve celebrations. So far the count is 148 injured by firework burns, three injured by stray bullets and 50 fires.

### Briefly . . .

Sri Lankan lawyer danced the twist for 102 hours, a new world record.

Five members of a Dutch farmer's family died from poisonous central heating fumes.

Two men died and six were hurt in an oilrig accident in the Bass Straight, south of Melbourne.

### BUSINESS

## Employers hopeful on pay rises

● EMPLOYERS believe that the Government's abandonment of its pay sanctions policy will have little impact on wage increases in the present round, the latest FT monthly survey of business opinion shows.

The median expected increase in wages was steady at 11.7 per cent, while the comparable figure for inflation was also unchanged from the previous month at 10.1 per cent.
Page 5 and Back Page

● UK MOTOR industry has suffered a sharp deterioration in its trading balance with the rest of the world, following a rise in car imports, the Society of Motor Traders and Manufacturers says.
Back Page

● WALL STREET closed 1978 with the Dow Jones Index at 805.01, 26 points down on the 1977 closing. It was a year of sharp peaks and falls, with the Dow ranging from 750 to over 900.

● BRITISH Government still aims to achieve a net year-by-year reduction in its overseas borrowings after completion of a large part of the restructuring of those debts over the past 12 months. Back Page

● ITALY is within reach of achieving a trade surplus for 1978 for the first time since 1942.

● PROSPECTS for a solution to the five-week West German steel steel dispute improved after New Year talks.
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● BSC CHAIRMAN Sir Charles Villiers has had his three-year appointment extended by a further year until September 1980. BSC believes it will not be able to proceed with major closures of old plant before a General Election, though it expects 5,000 jobs to disappear in the coming year. (Page 4)

● TUC will make arrangements early in the New Year for a review of its Bridlington procedures which are designed to resolve inter-union disputes.
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### COMPANIES

● PRUDENTIAL Corporation (formerly Prudential Assurance) increased overall annual premium income by 23 per cent to £142.8m (£116.2m) in 1978. Single premium business declined 4.3 per cent to £91.7m (£95.8m).
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● SUN ALLIANCE and London Assurance Company, the life company of Sun Alliance and London Insurance Group, has improved its reversionary bonus rates for 1978.
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## FEATURES



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# Informal currency links to bridge delays over EMS

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

**The French franc and the Italian lira are unofficially to be closely linked with other EEC currencies from today, as if the new European Monetary System was in operation, even though the formal start has been delayed.**

The original intention, agreed by EEC leaders in Brussels early last month, was that the system would start from the beginning of January.

This was blocked by last week's French decision to refuse to allow EMS to go ahead until outstanding problems of agricultural trade and prices had been settled.

The central banks of the eight countries participating in SMS have agreed to intervene to keep their currencies within specified narrow margins of each other.

For seven of the countries, this means that their exchange rates must be within 2.25 per cent of each other, though Italy has been allowed a 6 per cent margin. Five of the currencies are already linked in the present European joint float, the snake, so this will mean a change for France, Italy and Ireland. In the last few weeks, their exchange rates have been within the agreed range.

The hope, presumably is, that the arangement will besufficient until the French reservations about farm subsidies have been sorted out.

However, for the time being, countries will be able to call only on the present credit facilities, rather than the increased amounts available when the full system comes into operation.

None of this should make any difference tothe UK, which is outside the formal currency arrangements, since the Government is committed to keeping sterling stable.

This commitment should also ease the position of the Irish pound in view of the Irish central bank's intention to maintain a one-for-one parity with sterling.

### Dispute

The intention to link EEC currencies informally follows talks between officials over the weekend. These have not removed the confusion about when, and in what form, EMS will start.

The delay may simply be the result of a straightforward dispute between France and Germany on the level of farm subsidies, as the French statement said on Friday.

If this is the case, there has been a surprising series of misunderstandings in view of President Giscard d'Estaing's strong political commitment to EMS.

While, for the same reason, the issue should also be capable of resolution by political compromise, officials were not underrating the difficulty of sorting out the agriculturel issue in view of the strength of French views.

The delay may, however, reflect a deeper French concern aboutthe durability of the system in its present form, following the renewed weakness of the dollar in recent weeks.

President Giscard's views may also have been affected by recent criticism of his EEC policies from within France, notably in Parliament and from farmers.

These more fundamental reservations could mean a much longer delay and, indeed, could lead to pressures to alter the present form of the system.

The main focus of efforts to resolve the dispute is likely to be the meeting of President Giscard d'Estaing and Chancellor Helmut Schmidt of West Germany at the Guadeloupe summit on Friday and Saturday.

If they can provide an initiative next week-end, the issue could be sorted out by EEC Farm Ministers in Brussels on January 15 in time for the system to start later this month.

France, which took over the Presidency of the Council of Ministers yesterday, may be ready to call an earlier ministerial meeting if this is requested.

In a special article in today's Financial Times, Chancellor Schmidt says further joint efforts by the Nine will be needed "to remove the reservations of our French friends concerning the financing of agriculture."

Europe on the threshold of a big step forward, Page 10

# Shah fails to clarify 'winter break'

BY SIMON HENDERSON

TEHRAN — The Shah of Iran yesterday failed to clarify persistent reports that he is about to leave the country temporarily amid signs that the growing chaos in the country is hampering the exodus of foreigners.

Appearing in public for the first time since the contradictory reports that he was to leave the country "for medical reasons and relaxation," the Shah merely said he would like to go away for his annual winter holiday when things had settled down.

The Shah appeared before Western photographers and television cameramen with his wife and three younger children as violence persisted in the provinces and efforts to form a government in the capital seemed to be running into difficulty.

Mr. Ardeshir Zahedi, his close adviser and ambassador to Washington, however, told cameramen that the Shah would remain.

Dr. Shahpour Bakhtiar, the new Prime Minister designate, who claims he took the job on the basis that the Shah would go, has said his cabinet list is two-thirds complete. He said he hopes to form a government by the end of this week, which, in the Moslem calendar, means by Thursday. No names of prospective Ministers were given.

Separately, on Tehran radio, Dr. Bakhtiar said he would move his government in the direction of social democracy. He said he would gradually lift martial law and allow cocpensation for the families of those hurt in the recent troubles.

Yesterday, General Azhari, the present Prime Minister and head of the armer forces, submitted his resignation in what is seen as a formal move preparing the way for Dr. Bakhtiar. The Shah accepted it on the understanding that the general would stay in office until Dr. Bakhtiar was ready.

A new government would have to be presented to Parliament, now in recess, but no special session has yet been called. Officials say, in fact, that one of General Azhari's deputies will be in charge of affairs, as the general suffered a heart attack on December 20 and has still not yet fully recovered. The deputy has not been named.

### Shortages

The rapid succession of political moves over the weekend has so far failed to calm anxiety over Iran's future. Violence has continued in many towns and cities, several hundred anti-Shah protestors reported shot dead by the army in Mashad. Western embassies advised their nationals on Sunday to leave, unless they had an important reason to remain.

The official reason for being asked to leave is concern about the economy—petrol is largely unavailable because of disruption by oil workers, as is heating oil, fuel for cooking stoves and some foodstuffs. There are also nightly power cuts. There is some concern that foreigners are increasingly exposed to feelings of xenophobia.

On Saturday, the United States Consulate in Tabriz was attacked and the Turkish Consulate there was razed to the ground. British Council buildings were attacked in Ahwaz, Shiraz and Mashad.

By yesterday afternoon, most of the employees and dependants of the Western oil consortium who were no longer needed, had left from Abadan. During the previous two days, 1,500 had taken charter flights out of the country.

### Expatriates

Westerners trying to leave Tehran, however, were prevented by a strike of airtraffic controllers who were allowing only food and medical cargo to arrive. A Swiss Air flight managed to land and depart, as did an Israel El-Al airliner, which landed without using the control-tower.

Before the crisis there were some 100,000 expatriates in Iran, of whom half were Ameri can.

Hopes have been raised about the possibility that oil production can be resumed to the level of domestic demand. The army has conceded some of its control of the oil fields, and an opposition politician has been pleading with striking oil workers, trying to convince them of the need not to alienate the population. Oil production stands at 228,000 barrels a day, about 5 per cent of normal.

● Flights from Heathrow to Iran yesterday were diverted to other countries as air traffic controllers at Tehran Airport began a work-to-rule in sympathy with local airport workers who refused to handle U.S. or Israeli aircraft.

British Airways' twice daily flights to Tehran stopped at Kuwait yesterday. Pan American World Airways said its 8.15 am flight from Heathrow to Tehran this morning would stop, instead, at Istanbul, Turkey.

The British airline said it was unhappy with the long-range air traffic control at Tehran Airport, but when this returned to the operational standards demanded for safety, BA would resume flights.

The Shah and the army, Page 2

# FT print for first time in Frankfu[rt]

COPIES of the Financ[ial] Times for sale in large pa[rts] of Europe and the U.S. w[ere] last night printed for the f[irst] time in Frankfurt, W[est] Germany.

By printing in Frankfu[rt] distribution of the Financ[ial] Times will be much improv[ed]. In all but extreme weath[er] conditions, the FT will, [in] future, be on sale in maj[or] European capital cities befo[re] breakfast. On Wall Street, [it] will be available at 9.30 a[m].

The European FT is bei[ng] printed on the traditio[nal] pink newsprint. The print[er] is Frankfurter Societae[ts] Druckerei, an old-establish[ed] contract printing house in t[he] centre of Frankfurt.

The bulk of the Frankfu[rt] paper will consist of pa[ges] sent from London using f[ull] page facsimile transmissio[n] —essentially sending pho[to]graphs of full pages across [a] high quality telecommuni[ca]tions circuit.

Part of the paper will [be] specially written and edit[ed] for the FT's overseas reade[rs].

Frankfurt was chosen as t[he] FT's second printing cent[re] because of its prime positi[on] at the centre of the Europe[an] motorway system.

The FT will be delivered [to] major European capitals [by] six-wheeled Citroen va[ns] specially designed for new[s]paper deliveries, with a t[op] cruising speed of 100 mil[es] per hour.

Last night's print run [in] Frankfurt was 20,000. Th[is] will be raised over the ne[xt] three months to 30,00[0]. Approximately 20,000 copi[es] are being dropped from t[he] London production run.

The Financial Times no[w] has a circulation of arou[nd] 181,000, and a world-wi[de] readership of about 825,00[0]. Roughly 14 per cent of th[e] sale is overseas.

Over the coming months, [the] FT will be mounting a b[ig] marketing drive aimed at i[n]creasing its penetration [in] the European and America[n] markets.

The Frankfurt-printed pap[er] is being distributed from t[o]day to major business centr[es] in Germany, Austria, Belgium, Italy, the Netherlands, Switze[r]land and Turkey, as well a[s] to the U.S.

Over the next few month[s] the following countries will b[e] added: France and Luxem[]bourg (in February); Finland, Greece and Portugal (i[n] March); and Canada an[d] Spain (in May).

The Financial Times Frankfu[rt] Project, Page 11

# Crippled Greek tanker threatens Spanish coast

BY DAVID GARDNER IN BARCELONA

A GREEK oil super tanker carrying 208,000 tonnes of crude oil was last night drifting helplessly off the north-west coast of Spain trailing a slick several miles long and threatening a serious pollution disaster.

The tanker is carrying 12,000 tonnes of oil less than the Amoco Cadiz, which last year hit rocks off the north-west coast of France and devastated a huge stretch of the Brittany shoreline.

All but three of the crew of the Andros Patria are believed to have drowned after the skipper gave the order to abandon ship amid appalling weather conditions. The dead are thought to include 39 crew members, the captain's wife and his two-year-old son.

High winds were driving the tanker towards the north-western corner of Galicia, one of the few remaining areas of Spain with undeveloped beaches. A change in wind direction, however, could direct the oil slick further south towards the port of Vigo and Portugal.

The tanker, owned by the Seas Transportation Corporation of Piraeus, was holed above the water line by an explosion about 30 miles north-west of the Spanish port of Coruna. It was on its way to Rotterdam from the Iranian oil terminal of Kharj Island.

The salvage operation was being co-rodinated bythe company's New York agent which has signed a Lloyds open-form salvage agreement and brought in a Typhoon-type salvage tug from Holland. The tug last night was still standing by, trying to get close to the Andros Patria and get it in tow when weather permits.

The sevvel is insured in London primarily with the London Steamship Owners' Mutual Insurance Association.

The tanker's oil, which the Lloyds agent in La Coruna said was owned by British Petroleum, has already been leaking extensively. The naval authorities in La Coruna said the slick was more than three miles long.

The ship's boatswain, who was was rescued along with the chief engineer and pump-man, said the tanker was holed just above the water-line—and therefore relatively high up on the storage tanks, holding about 50,000 tonnes of crude, were holed, has limited the spillage so far.

Although the ship remained in one piece, continuing storms in the area wer making it unapproachable.

The accident happened on Sunday at 9.35 pm. The three surviving crew-members said all those who abandoned ship were swept away in the force nine storm when the life-boats capsized.

The three survivors had remained on board. They were lifted off by navy helicopters in two trips yesterday.

The damage to the Galician region's shellfish resources is likely to be substantial.

● Shetland Island's Council is to hold a full inquiry into an oil spill at the £813m Sullum Voe terminal at the weekend. The incident happened when the 190,000-tonnes Esso Bernicia leaked several hundred tonnes of uel oil after being holed while mooring at a loading jetty.

# Scottish lorry strike opens month of widespread claims

BY ALAN PIKE, LABOUR CORRESPONDENT

AN ALL-OUT strike by Scottish lorry drivers tomorrow will open a month that is likely to see heavy pressure in private and public-sector pay claims.

The impact of the drivers' action will also be felt in England. Men at Tilbury, Liverpool, Southampton and Hull are ready to strike in support of 20-30 per cent claims.

Although nothing can apparently stop the Scottish strike from going ahead, further negotiations are taking place today in many English regions of the Road Haulage Association. Even if these fail to produce immediate settlements, employers hope that action south of the border will remain unco-ordinated and limited.

Strike action by the 5,000 Scottish drivers follows rejection by Transport and General Workers' Union representatives last week of an offer worth 15 per cent. That level of offer is likely to be reflected in the English negotiations.

Industrialists fear a repeat of the 1974 Scottish lorry drivers' strike, which had a serious impact, although the immediate effect of tomorrow's action will be disguised by bad weather.

Haulage employers say that the 15 per cent offer, raised from 5 per cent when the Government lifted its sanctions policy, is very reasonable in relation to the industry's ability to pay. They believe that it may find more favour with the drivers than it did with the union negotiators.

Union leaders hope that they have averted the threat of a national tankers' drivers' strike from tomorrow with offers that are also worth about 15 per cent. Ballots among drivers and depot workers employed by the big oil companies have been in progress during the weekend and the first results will be known today.

Although the Government will be greatly relieved if the danger of a highly damaging stoppage by tanker drivers has been avoided, the price of peace will be far too hih for its liking.

The levels of some offers being made in the private sector will do nothing to increase local-authority employers' chances of obtaniing a peaceful 5 per cent settlement.

A day of action on January 22 followed by selective stoppages is being planned by more than 1m local-authority manual workers who have rejected 5 per cent. Elsewhere in the public sector, water workers and hospital ancillary staff are to act against the Government's policy.

Main hopes of a settlement to those public-sector claims rests upon the Government's agreeing some form of pay comparability exercise with private employment.

Elsewhere in the public sector, Civil Service unions are building a fighting fund to support a campaign to restore the value of their salaries; teachers are demanding the restoration of the 1974 Houghton award; and power workers will submit a claim for increases well above the Government guidelines this month.

Chairmen of nationalised industries are to be paid salary increases ranging up to more than £6,000 a year. The rises which start in April will add 25 per cent to some salaries.
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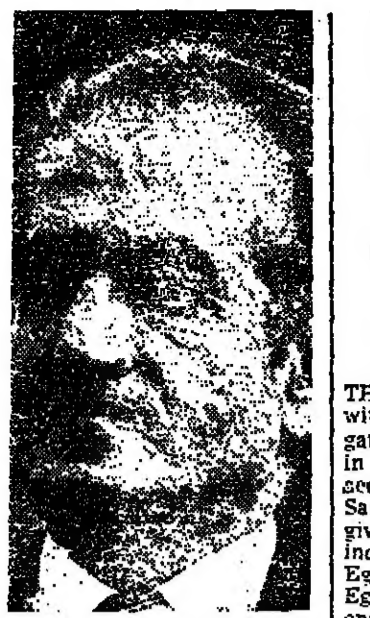

The Shah of Iran

# The Shah and the army lose control

By Simon Henderson in Tehran

HE FAILURE of efforts over e weekend to resolve the olitical crisis in Iran is likely lead to the collapse all Government authority. ttempts by Dr. Shahpour akhtiar, a former leader of e opposition National Front, persuade other political aders to join him in forming civilian administration have ltered.

Reports that the Shah might ave the country temporarily ave been contradicted by alace spokesmen. Until the pposition demands for control f the army, police and secret olice (Savak), as well as an d to the monarchy, are met v the Shah, it is difficult to e any significant segment of e anti-Government forces ining a compromise adminis-ation.

There are growing fears that e Shah and some of his mili-ry commanders may try to re-ore their authority by inten-fying repression. Casualty lists om provincial cities indicate at this may be happening lready. But it is doubtful if e army can restore order. All s efforts to do so have failed.

The longer the Shah and the rmy hang on in the hope of a ompromise with the opposition, e more their actions in the reets make compromise hard-r to attain. To succeed, Dr. akhtiar would need the sup-ort of the Shah, army, regi-us leaders and his own erst-hile colleagues in the National ront, the main or organised olitical opposition, from which e has now been expelled. So ar he has been unable to get ull support from any of these uarters.

Last week the National Front a more diffuse body of opinion han the name implies) rejec-ed anything but complete bdication by the Shah. The ront leadership, fearing the orst, then went underground.

Initially it was assumed that he Bakhtiar formula would ttract other politicians, influ-ntial bazaar merchants and he clergy. This has not hap-ened, probably because none f them knew exactly what the Shah was offering.

It appears, too, that any Regency Council set up in his absence would include only the Prime Minister and several of is senior Ministers rather than much more representative roup from the army, the hi'ite clergy, the National ront, and other interests.

A ray of hope for Dr. Bakh-iar remains because some sec-ions of the opposition appear o consider they may have one too far in their disruption f the economy

prospect of losing some support because the general population s facing discomfort from lack f petrol, heating oil, fuel for ooking stoves, the power cuts and shortage of some food supplies.

Ominous indications that the political vacuum will lead to more savage fighting comes from the cities of Mashad and Qazvin. In Mashad, an impor-tant religious centre, several hundred deaths—perhaps as many as 700— were reported when the Army used tanks to put down civil disorder

Dr. Bakhtiar is still in the process of forming a Govern-ment. No civilian names have been associated with it

However, the military repre-sentation is thought likely to include General Jam, the retired armed forces chief who retains the confidence of the military. Other names which would figure in the Cabinet or the Regency Council are those of the tough General Oveissi, who at present leads the Army, and General Qarabaghi, who heads the Gendarmerie.

If such leading military figures participate in a future adminis-tration led by second-rank politi-cal leaders, its civilian element will be so diluted that the army will remain dominant. Since the army remains the Shah's instrument, such a government would be regarded with extreme distrust by the opposition.

The confusion is now so great that it is no longer realistic to see the Shah's regime as implementing definite policies. Instead, events seem to be developing under their own momentum, while the Shah and the army attempt to seek a com-promise while persisiting in repression.

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# Egypt turns to U.S. aid plan as hopes of Arab funds dim

BY ROGER MATTHEWS IN CAIRO

THE ISSUE of a peace treaty with Israel has now been rele-gated to second or third place in Egypt's list of priorities, according to President Anwar Sadat. First place had been given to the "Carter plan" for increased development aid to Egypt, he said in a speech to Egyptian students at the week-end.

"After reviewing the State budget and discussing the year's plan we came to the conclusion that we have no other alterna-tive but to adopt a plan similar to Marshall Aid. Food and infrastructure constitute our basic problems and neither will bear any postponement." Mr. Sadat added that the only pos-sible solution lay in the "Carter plan."

Al forms of U.S. assistance to Egypt are currently worth about $1bn a year and Mr. Sadat has already indicated that he is looking for this figure to be tripled during the next five years with the co-operation of other industrialised nations.

Mr. Sadat's insistence on a "Carter plan" is an indication that the Egyptian government is less confident of continuing substantial financial assistance from the main Arab oil-producing countries, and par-ticularly Saudi Arabia.

The Government is mean-while continuing to gradually push up prices of so-called "luxury" products and has announced that tax evasion is to become a penal offence. A new unified sales tax has also been proposed to replace the four dif-ferent kinds of tax currently in operation.

On what was dubbed "The Day of the Democratic Revolu-tion" President Sadat has also signed a decree that will allow a "significant" devolution of cen-tral powers to the regional governorates. The local governors are to receive minis-terial salaries, will exercise some presidential powers, and in the words of the President, "will open a new era in which the creative abilities of the Egyptian people will be given a free hand."

As for the peace talks with Israel, Mr. Sadat said that the only obstacle to signing a treaty, was the issue of "linkage." The deadlock in the talks was over Palestinian self-rule on the West Bank and Gaza and this was proof that Egypt was insist-ing on a comprehensive settle-ment, he sa.d.

# Smith tells Rhodesians: 'Make settlement work'

BY TONY HAWKINS IN SALISBURY

DESCRIBING THE Anglo-American plan for an all-party conference on Rhodesia as "a write-off," Mr. Ian Smith, the Rhodesian Prime Minister, has told his countrymen that they must now make the March 1978 internal settlement work if the country is to be saved from "tyranny and totalitarianism."

In his final New Year message as Prime Minister—Mr. Smith is to retire from politics when one man one vote elections are called in April this year—the Rhodesian leader said the coun-try's main objective now was recognition by the free world. The Anglo-American plan for an all-party conference appeared to be a write-off "because the Patriotic Front have exercised their veto and the Western powers are retreating in the face of their demands."

The Rhodesian Prime Minister devoted the bulk of his radio and TV address to a bitter denunciation of the British and U.S. Governments which he accused of "treachery and deceit."

Mr. Smith said that the Rhodesian transitional govern-ment remained willing to attend an all-party meeting on Rhodesia without preconditions But the British and U.S. governments lacked the will to stand by their undertaking of October 20, 1978, to proceed with such a conference in the face of resistance from the Nkomo Mugabe Patriotic Front.

Mr. Smith said that on every occasion since the Kissinger agreement of September 1976 the Patriotic Front had gone back on previous commitments —such as acceptance of the Kissinger formula—and the British and U.S. governments had failed to stand up to the external nationalist leaders.

# Beirut losing companies

BY OUR BEIRUT CORRESPONDENT

SEVERAL U.S. companies and banks still operating in Lebanon were reported today to be plan-ning to move their offices to Athens or the Gulf.

Leftist newspapers listem them as the Bank of America, Chase Manhattan Bank, First National City Bank of Chicago, International Business Machines (IBM), Honeywell Electric and 3M-Houston. However, officials at some of these described the report as premature.

The information was appare-ntly derived from workers and employees who have allegedly been given a choice of staying behind, at half salary, or moving with the company.

Beirut, once the Middle East's business centre, has only a few foreign companies. Most com-panies moved their regional offices during the civil war.

Now, two years after the civil war, the country is still far from safe. Privately, foreign business-men complain of lack of security and their inability to make long-term plans because of conti-nued instability.

For their foreign banks espe-cially, the downturn area where their head offices are remains unsafe, with fighting repeatedly breaking out there. They have taken other premises in safe areas which has also caused a problem. If these areas are Moslem, Christian employees would not show up for work, and vice versa.

Businessmen emphasised, however, that, whatever hap-pened in Lebanon, they would maintain a presence. They were not planning a total departure, one businessman said.

# Peace bid in W. German steel strike

BY ADRIAN DICKS IN BONN

PROSPECTS FOR a solution to the five week-old West German steel dispute have improved once again, following a fresh round of talks over the New Year weekend held by Herr Friedhelm Farthmann, the North Rhine - Westphalia Minister of Labour, with the two sides.

Herr Farthmann himself des-cribed the state of the negotia-tions as "thin ice, over which the two sides may just be able to walk," but he emphasised that it would be over-optimistic to talk about a breakthrough.

Meanwhile Chancellor Helmut Schmidt, in a New Year broad-cast, appealed to both sides to make an effort. He also re-minded West Germans that labour disputes were a part of the democratic process, and warned people who "set too much store by harmony" that only under dictatorships was it possible to do without genuine clashes of interest.

Herr Farthmann, who also helped draft an earlier compro-mise three weeks ago, put for-ward a revised plan at the end of last week which has now to be formally considered by the steel employers and by the union side, IG-Metall, on Tues-day.

On the face of it, his new proposals do not give IG-Metall the "first step" into the 35-hour working week which has been at the centre of the dis-pute. However, the Minister's suggestions would work out considerably more expensive for the steel industry than the earlier draft turned down by IG-Metall.

Herr Farthmann's plan would give all 200,000-odd steel workers in the affected bargain-ing regions of North Rhine-Westphalia, Bremen and Osnabrueck three days' extra annual holiday. In addition, workers on night shifts would receive three to three and a-half free shifts more, while all workers aged 50 or more would get a further two free shifts.

In this way, Herr Farthmann may have succeeded in meeting the IG-Metall objection to his earlier plan—that it did not benefit enough steelworkers. The new proposals for older workers would draw in about a quarter of the steel industry work force, in addition to the benefits for men on "unsocial" shifts.

It was not clear last night whether IG-Metall is going ahead with its much-heralded extension of the stoppage. Some 37,000 steelworkers are on strike, with a further 43,000 either laid off or locked out by their employers.

# Giscard puts case for CAP reform

By Jonathan Carr in Bonn

PRESIDENT Valery Giscard d'Estaing has personally under-lined France's commitment to phase out the system of Mone-tary Compensatory Amounts (MCAs) within the European Common Agriculture Policy (CAP).

In an interview with the weekly Der Spiegel, the Presi-dent stressed that it was exactly these MCA's which accounted in large measure for the high costs of the CAP. He had, therefore, proposed at the European Council meeting in Brussels on December 5 that no new, per-manent MCAs be created, and the Council had followed his advice.

The interview, published today, was clearly given before it became clear late last week that an impasse on this agricul-tural issue would delay the start of the European Monetary System (EMS), which was sup-posed to come into effect today.

However, it is plain that the President's renewed public identification with the cause of MCA reduction will not make easier the finding of a com-promise—in the first place with West Germany. Chancellor Helmut Schmidt will be meet-ing President Giscard d'Estaing at the Guadeloupe summit con-ference later this week, and it is expected that the issue will be raised then.

Meanwhile, the West German Agriculture Minister, Herr Josef Ertl, has described the French link between the start of the EMS and agreement on the MCA issue as "unreason-able and intolerable."

German farmers benefit from operation of the MCA system and Herr Ertl has thus found himself in a difficult position following the decision of the European Council to phase out MCAs—even though no dead-line was named at the time for doing this.

# OECD forecasts

IN THE first edition of the Financial Times of December 22 it was wrongly stated, due to an error in transmission, that the OECD estimated that rise in oil prices decided by the Organisa-tion of Oil Exporting Countries would have a negative impact on the area's current account of $20bn an annual rate. In fact, the OECD puts the impact at $10bn.

In an editorial comment on the OECD 1979 forecast it was also reported that the Organisa-tion estimated that for every 10 per cent rise in the dollar price of oil 1 per cent was added to the average national rate of inflation. The OECD suggested that the impact on national inflation rates was 0.5 per cent.

# German shipyard orders down

BY GUY HAWTIN IN FRANKFURT

WEST GERMAN shipbuilders have reported a massive decline in their orders in hand. A statement, just published, says that the German order book dur ing the past year has fallen at double the rate of the world average.

According to the Verband der Deutschen Schiffbauindustrie, the shipbuilders' trade associa-tion, the West German ship-yards' collective order book dropped by 68 per cent from the end of October, 1977, to the end of September last year. During the 12 months the order posi-tion declined from 1.49m gross registered tonnes to 470,000 grt.

During this period, the whole of the world's shipbuilding in-dustry has been in the throes of its deepest post-war recession. But even so, the fall in the total world ship building order book has fallen by only 33 per cent from 42m gross registered tonnes to 28m grt.

Not only did orders decline, deliveries also dropped heavily. The ship builders' association reported that during calender 1978 German yards delivered a total of 900,000 GRT, worth a total of DM 3.8bn. In tonnage terms, this was a 40 per cent drop on the 1977 figure, while measured in cash sales the fall was 23 per cent.

Furthermore, the fall in the delivery figures brought the utilisation of the production capacity of West German wharves down to a new low level. The association reported that the shipyards concentrating on the construction of new vessels were operating at less than 50 per cent capacity.

The association estimates that the inflow of orders this year is likely to amount to only DM 1.5bn—less than half the value of 1978's deliveries. There-fore the industry can look for-ward only to a further drop in both the order book and production.

Equally worrying has been a further 17 per cent decline in the industry's labour force. The average number employed in the industry last year totalled only 65,000.

Some employers have adopted emergency measures to stem the drain of highly-skilled em-ployees who are likely to be difficult to attract back when the recession is over. Skilled craftsmen have been hired out on a contract basis to other in-dustries such as motor manu-facturing. This, however, has only provided a partial solution.

# Turkey expects Western emergency fund

BY METIN MUNIR IN ANKARA

MR. ZIYA MUEZZINOGLU, Turkey's Finance Minister, said he expected a group of Western States, including the U.S. and West Germany, to set up an emergency fund this year to help Turkey stabilise its economy.

"The political will for form-ing this fund is there," he told the Financial Times here yester-day. "What still remains to be done is to create the mechanism for it."

Mr. Muezzinoglu said the figures being mentioned were between $1bn and $1.5bn a year, over five years.

These five years would corre-spond to Turkey's fourth five-year development plan (1979-1983).

The plan's principal aim in the first two years is to stabilise the economy, which is about to enter its third year of recession. An emergency fund of the size Mr. Muezzinoglu was talking about would be critical to the efforts of Mr. Bulent Ecevit, the Prime Minister, to stabilise the economy.

Mr. Muezzinoglu said he hoped the OECD would handle the emergency fund. However, some Western States preferred the matter to be put into the hands of the IMF, with which Turkey signed a stand-by agree-ment last year.

Negotiations between Turkey and the IMF on the third tranche are expected in Ankara this month.

The Finance Minister believed Turkey's economic plight would be taken up at the summit meet-ing in Guadeloupe this month.

Economic observers in Ankara believe an emergency fund is imperative if Turkey is not to enter a prolonged recession, which could have disastrous consequences for law and order. Renewed awareness of this possibility may induce the Western States to produce the funds, although perhaps not in the amounts expected by Ankara.

Mr. Muezzinoglu said subscrip-tions to Turkey's programme for a $500m medium-term facility from the Eurodollar market had approached $400m. Japanese banks were expected to put up between $25m-$50m. He expected the facility to be usable by February.

He also said that 31 per cent of the banks to which Turkey owed about $2.5bn had agreed to a debt-restructuring pro-gramme. Only two banks had disagreed, and the rest were still examining Ankara's pro-posal.

Mr. Muezzinoglu said the Government is "determined to press on with the stabilisation programme."

# Saudis deny king seeking Sadat summit

BY IHSAN HIJAZI IN BEIRUT

SAUDI ARABIA has officially denied that King Khalid has been seeking a summit confer-ence with President Anwar Sadat of Egypt. Sheikh Moham-med Abdo Yamani, the Saudi Minister of Information was quoted by the state-controlled Saudi Press Agency as saying that "such maters are not de-cided in journalistic circles and news agencies."

The Minister was quoted as emphasising that his country was committed to resolutions adopted by previous Arab sum-mit conferences. This was an allusion to the Arab summit held in Baghdad last November which rejected the Camp David accords between Israel and Egypt and urged President Sadat to renounce them.

Sheikh Yamani's statement has cleared the confusion out of Cairo during the past two days which was caused by reports by the state-controlled Egyptian news agency, MENA, and remarks attributed to the Saudi Ambassador, Sheikh Mohammed Abal Khail.

There has been speculation that Mr. Sadat was seeking to improve his relations with the moderate Arab states, especially Saudi Arabia and the Gulf states.

The Ambassador, who was apparently speaking in general-ities, said King Khalid was looking forward to a meeting with President Sadat. This was immedately interpreted as evi-dence King Khalid was seeking a summit with Mr. Sadat.

Meanwhile, the Soviet Union is reported to have offered to establish diplomatic relations with Saudi Arabia and buy Saudi oil. According to the weekly international edition of the Beirut newspaper, An Nahar, the request was included in two messages sent recently to King Khalid by President Leonid Brezhnev.

Saudi Arabia does not have diplomatic relations with any communist country.

# Large-scale Swiss intervention disclosed

By John Wicks in Zurich

THE Swiss National Bank engaged in large-scale inter-vention on the foreign-exchange market in the last three months of 1978, accord-ing to its President Dr. Fritz Leutwiler, to counter the high Swiss-Franc rate. In an inter-view with the Berne news-paper Der Bund, Dr. Leut-wiler disclosed that foreign currency amounting to a gross SwFr 11.85bn ($7.31bn) had been taken up between the start of October and Christ-mas. This brought the total figure for 1978 to about SwFr 21.5bn.

After deduction of SwFr 12bn accounted for by obliga-tory exchange of the Swiss-Franc proceeds of foreign borrowings, the net growth in foreign-currency holdings for the year was of SwFr 9.5bn. This increase, which affects domestic money supply, was due wholly to a net rise of SwFr 9.9bn in the last three months.

Dr Leutwiler said that de-preciations of "several billion Swiss Francs" would be necessary on foreign-currency holdings in the 1978 accounts of the National Bank. The losses, however, would not be covered by a revaluation of the gold reserves.

With regard to the planned Swiss-franc "Carter bonds," he stated that conditions for this issue would not be determined "until the last moment." The date of issue would probably be mid-January, he added. One possibility of compensating for the sudden withdrawal of liquidity from the market in connection with the issue would be the non-renewal of so-called "sterilisation rescriptions" due. These are medium-term Swiss Treasury bonds issued by the National Bank to cream off excess liquidity and are in the hands of commercial banks.

The same rescriptions might also be partially succeeded by federal money - market securities. The introduction of money-market paper was likely to take place in the first half of this year, Dr. Leutwiler stated.

# Japan limits new lending by city banks

By Richard Hanson in Tokyo

THE BANK of Japan has put lower limits on new loans by the major city banks during the January-March quarter, but the guidelines appear to be aimed more at controlling excesses under its easy credit policies than tightening up.

The central bank's so-called "window guidance" limit for major city bank lending for the first quarter will be Yen 979bn (£2.52bn), a decline of 18.9 per cent from a year earlier. For 1978, the lending limits were generally running at about 10 per cent above levels a year ago.

Bank of Japan and Finance Ministry officials have been concerned about a resurgence of speculative buying in the securities markets and in property—partly funded by borrowings from banks at presently favourable rates.

The official fear is that un-bridled speculation will con-tribute to inflationary pres-sures. The basic money supply has grown at an annual rate of around 12 per cent in recent months.

**John Hoffman** in Peking reviews the landmarks in China's great leap outward

# No end to the Year of Accomplishment

THE SIGN on the gate of what will become the American embassy in Peking still reads "Liaison Office, United State of America." It is one of the few things in China that has not altered in the past year, although it will be replaced in March when the two govern-ments exchange ambassadors.

That exchange will be the final event in what has been the most remarkable year of change in new China's history. The normalisation of diplomatic relations between China and the U.S. has shifted dramatically the state of the power in the world and given a new political complexion to the coming 1980s.

The effect on the rest of the world of the China-U.S. accord is of profound significance but the event itself is barely more breathtaking than any of the series of political and economic surprises which China has pro-duced in the past 12 months.

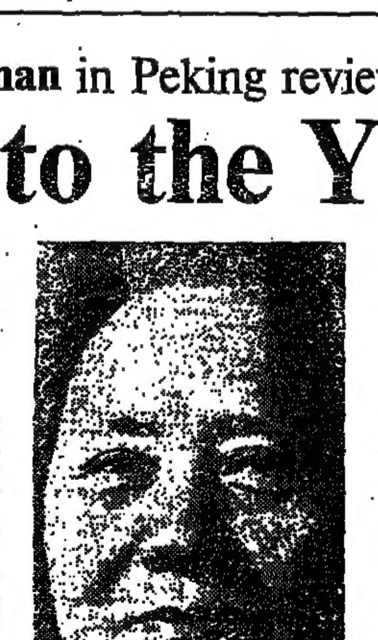
The year started with China still showing the bruises of ten damaging years of Mao's cultural revolution, the upheaval which may have cleansed the country's ideology but at a crippling cost in terms of lives, property and progress. The outside world was still sus-picious of a nation which would do that to itself, and a little mocking of a nation beginning to talk about a new great leap forward into economic adult-hood.

With an abruptness which has startled observers accus-tomed to stolid isolationism and paranoia, China has emerged from 1978 with a newly-mature international out-look, new domestic directions and a courageous economic formula for catching up with the developed world. By the year's end China had developed a galloping momentum in its run towards modernisation.

It will need to maintain that momentum—and more—if it is to reach by the year 2000 the targets set for the four modern-isations—industry, agriculture, science and technology and the military. But what had seemed a year ago to be an impossible dream was beginning to look not so unattainable as 1978 ended. Nothing seems too im-probable in a China which will be selling cans of Coca-Cola to its tourists later this month.

China's extraordinary activity in foreign relations made 1978 a year of political benefits and attendant economic bonuses. Prompted by a growing fear of hostile encirclement by the Soviet Union, the Peking leader-ship assiduously wooed nations which would stand at least politically against Russian expansionism. An unpreceden-ted procession of heads of state tripped into Peking to elabor-ately staged welcomes that lacked only ticker-tape. Those festive extravagances have now been discontinued, along with the gargantuan 5,000-guest wel-coming banquets so inconsistent with China's sober austerity.

No doubt cheered by the will-ingness of so many African, Asian and European leaders to say publicly how well-disposed they felt towards China, Peking stepped up its renewed over-



Chairman Mao Tse-tung: damaging year

tures to Japan to conclude a peace and friendship treaty—something which neither side had seemed to want very much in the preceding years of desul-tory negotiation. The signing of the treaty in August was a diplo-matic triumph for China over the Soviet Union, which had also courted Japan, and erased the ominous question mark hanging over the future stability of the western Pacific.

That was not China's only concern, of course. China is hungry for Japanese technology to modernise its industry, and eager to establish a Japanese market for Chinese oil, and a stable political relationship clears the way for long-term economic relationships. Earlier in 1978 China and Japan had signed an eight-year bilateral trade agreement worth $10bn to each side. Soon after the signing of the Peace and Friend-ship Treaty that agreement was extended to a potential value of $80bn.

Chainman Hua Kuo-Feng, characterising the euphoria which in no way affected the growing energy of the Chinese in their quest for recognition and participation throughout an increasingly friendly world, launched him-self in August on a visit to Yugoslavia and Romania, two socialist countries which China has acknowledged as models for emulation in industrial develop-ment.

His reputation as a travelling statesman enhanced, he is said to be planned a tour of Western Europe and Britain early this year, probably soon after deputy leader Deng Xiaoping (Teng Hsiao-Ping) makes his historic trip t Washington.

Between them, Japan and the U.S. seem likely to take the greatest share of trade associated with China's develop-ment. What is left—and its potential is huge—will go mostly to Europe, with West Germany, France and Britain seeming to hold the most favoured positions. Fierce com-petition for contracts to supply technology and develop mineral resources has resulted in agree-ments worth more than $25bn with West Germany and $20bn with France, with only a frac-tion of China's planned 120 major industrial developments yet announced.

In December Peking's chief economic spokesman Li Xiannian (Li Hsien-Nien) told an incredulous Hong Kong Press conference that China no longer had any reservations about negotiating government-to-government loans. It was simultaneously confirmed by the Chinese Ministry of Foreign Trade that joint equity ventures were no longer objectionable so long as China retained a majority interest.

China will be obliged to use up to 35bn dollars worth of foreign credits in the next eight years.

The leadership has managed fairly well to put on the image it wants — that of a pragmatic, flexible and outward-looking team. Vice-Premier Deng, undoubtedly China's policy strongman recently assured the world of Peking's stability, thus dampening growing speculation that he might try to unseat Chairman Hua.

Deng, twice humiliated and stripped of power, came back to the Politburo with an energy which belies his 74 years. His energy, many China-watchers predicted, would take him to the throne of the Chinese leadership, and it has been difficult to discourage those who promote the "leadership struggle" scenario.

Deng has effectively become China's chief executive, making profound policy decisions and representing the nation in both economic and political fields. Chairman Hua, meanwhile, functions as a chairman of the board who seems increasingly content to delegate executive responsibilities.

What of the 1bn Chinese? They have been thrown sud-denly into contact with a world from which they had been zealously protected, exposed to ideologies which they had barely understood but obedi-ently despised.

The Chinese people have mixed feelings. Modernisation and the rush to increase pro-duction is not necessarily kind to them. They complain in exasperation that factories which work double shifts and achieve production records cannot afford them time for holidays.

The rights of the masses remain circumscribed, however. Democracy is fine, the leader-ship has said, as long as the masses accept the Communist Party's definition of it. And discipline remains paramount.

The flourish of free expres-sion in Peking has also diminished. Although wall-posters complaining of injustice and inconvenience still appear, they are not accompanied by vigorous rallies of outspoken youth. Spontaneous contact with Spontaneous contact with foreigners took two steps forward, and then one back. The result is a newly open relation-ship but one with vaguely deter-mined limits.

But their lives are better in many ways. New domestic policies have assured them of a better return for their labour, more consumer goods on which to spend their added income. They take a greater part in making the decisions that affect their lives. In the cities they have better-quality food, more of it, better housing, cheaper watches, more efficient public transport, more stylish clothes. Hairdressers are doing good business.

The urban young get better education, read books they were denied for years, go dancing on Saturday nights, discuss life-styles and forms of government with the foreigners they are encouraged to cultivate. They are speaking their minds and the leadership listens.

The coming year will be a year of consolidation for China. The surprises have been sprung. The sleeping giant that Napoleon so much wished left alone has lumbered into wake-fulness and charged into the modern world, ready to do business.

The year of accomplishment, 1978, has provided China with a comforting array of strong friends and a concomitant security against those it had thought of as enemies. The nation wants to absorb itself in the practical steps of modernisa-tion, of bolstering the confid-ence of trading partners and of making its people feel a little more—but not too much—like the rest of the world.

# Kraftwerk Union to build generator plant in U.S.

Y MAX WILKINSON

AFTWERK UNION, the er plant manufacturing subary of Siemens of West many, is to go ahead this with plans to build a $120m ine-generator factory in rida.

he move comes at a time n the General Electric Com-, Siemens's counterpart in UK, is also planning a heavy estment in the U.S. It ently announced a £32m ed bid for A. B. Dick, the office equipment company. ther acquisitions are ected early in the New Year.

oth companies have decided y must increase their share he American electrical marwhich is about 40 per cent he total world market. Both npanies are competing ingly throughout the world for available turbine generator business.

Most turbine-generator manufacturers are still running at substantially below full capacity because of a shortage of world orders although Alsthom-Atlantique of France has a relatively full order book because of the French Electricity Authority's programme of nuclear power station building.

Kraftwerk Union (KWU), however, has been hit by recent political trouble in Germany because of objections to its nuclear programme. It is also in danger of being affected by the turbulence in Iran where it has two nuclear power stations under construction and possible further orders for four more.

In the past Kraftwerk has obtained a number of orders in the U.S., but Siemens has realised that it would be impossible to maintain a steady flow of business without a factory in America.

Its plans for the plant in the U.S. stem from a joint venture agreement in 1977 when Siemens bought 50 per cent of the heavy electrical interests of Allis Chalmers. Then, in April last year KWU set up a new joint company called the Utility Power Company in which the German share was 85 per cent.

This new company is to build a plant at North Sarasota in Florida, which will use some components made at KWU's Mulheim plant in Germany. These components will include turbine blades, electronics and control units.

# Italian surplus in 1978 now expected

BY RUPERT CORNWELL IN ROME

ALY IS within reach of ieving a trade surplus for the ole of 1978, the first time the ntry would have managed the t in a full year since 1942.

For the first 11 months of last r the overall surplus reached 00bn (£120m). November's plus of L229bn (£143m) was third month in the last four t the Italian trade accounts e been in the black.

The vigorous recovery in the intry's trading position, after rly deficits of L5,401bn .37bn) in 1976 and L222bn .4bn) in 1977 is due to the hly restrictive measures opted in the currency crises two years ago, and the relaely flat domestic economy. Every sign is that growth last ar will not have exceeded two r cent. Unemployment nains very high, especially iong the young, and large eas of industry are operating low capacity levels.

According to figures released by ISTAT, the Statistics Institute, imports grew by only 8.7 per cent in the first 11 months of 1978 to L40.597bn, while exports rose by almost 16 per cent in value terms to L40.787bn.

The best results of all came in the textile and clothing sector which reported a surplus of L5,269bn between January and November, followed by the engineering and vehicle industries. The metallurgical sector turned a deficit of L507bn into a surplus of L149bn in the corresponding period of 1978.

As usual, the country's heaviest import bill was for energy, followed by food. In the case of the former (above all oil), the deficit in fact shrunk slightly to L6,791bn in the first 11 months, but this trend is unlikely to continue now that OPEC countries have raised the oil price, while economic growth in Italy is expected to quicken somewhat this year.

# Mexicans raise price of crude oil

By Hugh O'Shaughnessy

PETROLEOS MEXICANOS (PEMEX), the Mexican state oil concern, is raising the export price of its crudes delivered to Gulf of Mexico ports from $13.60 to $14.10 per barrel for the first quarter of 1979.

Announcing the decision in New York, Sr. Jorge Diaz Serrano, the PEMEX president, said that the rise would slow down present negotiations for the sale of oil to Europe and the Far East.

So far, about 80 per cent of Mexican oil exports are going to the U.S. and PEMEX has suggested that other countries could buy from oil producers geographically closer to them.

## World Economic Indicators

TRADE STATISTICS

| | | | Nov. '78 | Oct. '78 | Sept. '78 | Nov. '77 |
|---|---|---|---|---|---|---|
| K | £bn | Exports | 3.052 | 3.098 | 3.037 | 2.650 |
| | | Imports | 3.244 | 3.001 | 3.273 | 2.578 |
| | | Balance | −0.192 | +0.097 | −0.236 | +0.072 |
| ance | Frsbn | Exports | 31.857 | 31.484 | 30.881 | 28.035 |
| | | Imports | 31.533 | 30.763 | 29.578 | 29.650 |
| | | Balance | +0.324 | +0.721 | +1.303 | −1.615 |
| | | | Oct. '78 | Sept. '78 | Aug. '78 | Oct. '77 |
| ly | Lirebn | Exports | 4,450 | 3,682 | 3,205 | 3,280 |
| | | Imports | 4,215 | 3,753 | 2,862 | 3,744 |
| | | Balance | +235 | −71 | +343 | −464 |
| . Germany | DMbn | Exports | 26.670 | 24.828 | 21.943 | 24.735 |
| | | Imports | 21.858 | 20.098 | 18.823 | 19.927 |
| | | Balance | +4.812 | +4.730 | +3.120 | +4.808 |
| pan | $bn | Exports | 8.516 | 8.906 | 8.070 | 7.028 |
| | | Imports | 6.981 | 6.813 | 6.820 | 5.813 |
| | | Balance | +1.535 | +2.093 | +1.250 | +1.215 |
| S. | $bn | Exports | 13.010 | 13.400 | 12.470 | 9.120 |
| | | Imports | 15.140 | 15.100 | 14.090 | 12.288 |
| | | Balance | −2.130 | −1.700 | −1.620 | −3.098 |
| | | | Sept. '78 | Aug. '78 | July '78 | Sept. '77 |
| olland | Flsbn | Exports | 9.407 | 8.226 | 7.986 | 8.976 |
| | | Imports | 9.653 | 9.102 | 8.829 | 9.301 |
| | | Balance | −0.246 | −0.876 | −0.843 | −0.325 |
| | | | Aug. '78 | July '78 | June '78 | Aug. '77 |
| elgium | BFrsbn | Exports | 117.051 | 105.254 | 123.580 | 85.438 |
| | | Imports | 134.028 | 106.610 | 131.040 | 113.060 |
| | | Balance | −16.977 | −1.356 | −7.460 | −27.622 |

# Study foresees continued growth in Iran

Financial Times Reporter

A NEW and comprehensive study of Iran, published this week forecasts that the country will continue to develop strongly in the 1980s and remain a major export market.

It points out that Iran's oil wealth is underpinned by the world's largest gas reserves after the Soviet Union, which will contribute largely to full industrialisation by the end of the century.

While the study has underestimated the strength of opposition to the Shah, it predicts political changes and economic problems in the development of an infrastructure which will lead to self-sufficiency.

The publisher, Metra Consulting, said that "We have obviously been through a lot of heart searching about bringing the study out now, but we believe it is still valid."

The company added that none of the Shah's political opponents was opposed in principle to industrial development, although the means of achieving it were widely disputed.

* Iran: A Business Opportunity for the 1980s: Metra Consulting, 23, Lower Belgrave Street, London, SW1; £97.00.

THE GATT TALKS ● BY BRIJ KHINDARIA

# New Year hope in Geneva

HE MARATHON Tokyo Round world trade negotiations has ially entered the last straight d could be signed and sealed the end of this year.

The reason for this optimism a series of separate deals ached in Geneva last month tween the Common Market d the U.S., and between the S. and Japan.

Among them, the "Big Three" artners take up 55 per cent of orld trade, with the rest being ared out by the developg countries. The Socialist untries of the Soviet bloc do ot participate in the negotiaons, begun in Tokyo in 1973 nder the auspices of the 84nation General Agreement on ariffs and Trade.

Although large and substanve holes remain to be filled in e agreements and understandgs reached by the Big Three st month, President Carter is xpected to make a strong case efore Congress when it resumes n January 15 to obtain pproval for the overall packge as outlined so far.

Congressional support is vital the five-year-old negotiations re to reach successful concluon because the Common larket is under pressure from rance to suspend participation n the overall negotiations if the J.S. does not waive application f a law on countervailing luties which comes into force omorrow.

The law's enforcement was vaived by Congress up to tomorrow, to allow time for completion of the Tokyo Round inder the U.S. Trade Act of 974, which sets the limits to J.S. participation in the trade negotiations.

If applied to the letter, the aw could become the basis for punitive import duties on more than $500m worth of Common Market exports to the U.S., to countervail alleged export subsidies, particularly in farm trade.

The Community's Council of Ministers temporarily suspended Common Market participation in the Tokyo Round last autumn, when it became clear that the U.S. Administration could do nothing to prevent the law from taking effect.

But it later resumed negotiation because of promises by Mr. Robert Strauss, President Carter's Special Trade Envoy, that the law's impact would be watered down pending rapid conclusion of the entire package.

Last month the U.S. and EEC announced in a joint statement that they had "essentially resolved" their differences in key areas of the overall negotiations, clearing the way for President Carter to start the legislative process required for approval of their package. Negotiators will meet in Geneva from January 8 to make the final push to complete the package.

Great strides have indeed been made in the Tokyo Round, particularly during the feverish negotiations here last month; but crucial differences remain, not only between the U.S. and the Common Market, but also between the Common Market and Japan, and between the developed countries.

The vital dispute in the Tokyo Round concerned trade in farm goods and the interpretation of any party's right to protect its home industries from being run into the ground by cheap imports. Other key issues were elimination of non-tariff barriers to trade and preferential treatment for developing countries, which distinguished the Tokyo Round from the earlier Kennedy Round that dealt mainly with industrial tariff cuts.

None of this has been fully settled, and even last month's joint EEC-U.S. statement admitted that substantive work remains to be done concerning regulation of farm trade and the size of industrial tariff cuts.

Mr. Strauss has promised that no effort will be spared to prevent trade between the U.S. and the Common Market from being disrupted by the compulsory application of the countervailing duty law. It is therefore likely that the U.S. Treasury will delay collection of the countervailing duties as long as possible and will not go beyond asking importers to post bonds for a part of the value of imports.

But much will depend on how long it takes the negotiators in Geneva to settle the remaining differences and lend credibility to President Carter's soldiers in the Congressional battle.

At the moment the outlook is anything but smooth for the Geneva talks. Even if the U.S. and the Community manage to paper over their differences, each delegation faces the possibility of revolt in the ranks of its masters. Congress is as usual very susceptible to industrial lobby groups, and the Community's Council of Ministers has France to contend with.

In addition, developing countries, who have regularly complained about neglect in Geneva, are sharpening their knives for a banquet at which they expect time to be on their side. As pressures build up within the U.S. Administration and the Common Market to bury the hatchet or face refusal by Congress to waive the countervailing duty law, the developing countries expect that they will at last get the hearing they deserve from trading giants keen to obtain their co-operation.

# British Steel chairman to stay

BY ROY HODSON

SIR CHARLES VILLIERS, aged 66, chairman of the British Steel Corporation, has had his three-year appointment extended by a further year until September 1980.

The extension, made by Mr. Eric Varley, the Industry Secretary, will be seen as marking the cessation, at least for the time being, of a running battle between the Government and the corporation management which reached its heights last winter.

As the world steel crisis deepened during 1977 and last year, Sir Charles and his management team became locked in a series of disputes with the Whitehall advisers and members of the Government about the right future strategy to adopt for British Steel—the third largest steel company in the Western world. Just a year ago, the corporation's losses were approaching £2m a day.

SIR CHARLES VILLIERS: Reappointed in battle lull.

Sir Charles also had a brush with the all-Party Commons Select Committee on Nationalised Industries. Eventually, the Committee forced him to disclose internal British Steel information forecasting financial losses. At that time his chances of re-appointment by the Government were rated as slight.

But during the past few months, under the direction of Sir Charles and Mr. Bob Scholey, his deputy, the Corporation has recovered much lost ground. Its record losses of £443m in 1977-78 will be trimmed to between £300m-£350m in 1978-79, and Sir Charles is sufficiently confident about the future to have set his management a target of achieving a break-even position some time next year.

The turning point for British Steel came last March when the Government agreed that many jobs must be sacrificed, old works closed, and manning levels reduced to international standards.

The new strategy for British Steel was set out in a White Paper, The Road to Viability. That was quickly followed by British Steel's own manifesto for the future, called Prospects for Steel.

A measure of the effectiveness of the new policies is that 17,000 people have left the industry within the past 12 months, and six big works have been shut as a result of agreed closure arrangements with workers.

Sir Charles has also reconstituted and strengthened the British Steel main Board this year, adding outside specialists, trades union representatives, and civil servants from the Treasury and the Department of Industry.

# Workers have bigger say on pensions

By Eric Short

THE MAJORITY of employees in company pension schemes participate in the management of the schemes, and the proportion is rising.

This is the conclusion of the Confederation of British Industry after a survey among its largest private sector member companies. Of the 100 companies in the survey, with more than 1.5m employees, 56 had arrangements which enabled their employees to participate in managing their schemes.

A further 26 companies were working on plans for involving employees.

In a survey 18 months ago, only 41 companies out of the 100 operated participation schemes.

The Confederation started the survey after the Government's proposals for member participation were published in June 1976.

Mr. Stanley Orme, Pensions Minister, said last month that legislation to implement the proposals would be introduced as soon as there was a majority Labour Government.

The confederation supports member participation, but has opposed the proposed method of nomination of representatives by trade unions only. It also claims that legislation on the subject is unnecessary.

# Nationalised industry chiefs to be given 25% pay rises

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

SALARY INCREASES of up to more than £6,000 a year are to be paid in April to chairmen of nationalised industries and to other top public servants. These increases will add 25 per cent to some salaries.

The pay of chairmen of industries such as railways, coal, gas, and shipbuilding will go up from £27,170 a year to £33,585 and there will be corresponding increases for other chairmen and nationalised board members.

The Government paved the way for the rises to be paid last July when its White Paper on the 5 per cent pay guideline allowed exceptional treatment for certain groups including firemen, university teachers and doctors and dentists, as well as the top public servants.

## Comparable

Now the Civil Service Department is fixing the precise rises to be paid to individual public servants and one of the first results of this exercise was last week's announcement of new contracts for the deputy chairman and two other members of the National Coal Board.

There also will be increases for senior judges, armed forces officers and civil servants. The head of the home Civil Service, for example, will receive a £2,725 increase on his £22,550 salary while the salary for a permanent secretary will go up from £20,900 to £23,450.

The biggest increases are going to those in the nationalised industries because they have not had a major salary review since 1972 and their pay has fallen badly behind that of their private sector counterparts.

It is for this reason that the Government has decided to implement the increases even though their scale makes them politically embarrassing at a time when the Government is struggling to maintain the credibility of its 5 per cent pay limit.

The rises stem from the Boyle Review Body's report on top salaries published last June which recommended rises of up to £20,000 a year for some nationalised industry chairmen. Such increases would add 70 per cent to some salaries, and are being implemented in stages by the Government until April 1980.

The first 10 per cent was backdated to January 1978 and the remainder is to be paid in two equal stages this April and in April 1980.

## Decide

However, the Government has to decide soon whether to accept a recommendation in the Boyle Report that staged rises should be topped up to keep pace with current increases in private sector salaries. The Boyle Committee may submit a special report to the Government on how this should be done, and the result could add at least another 5 per cent to the figures now being implemented.

On the basis of the present figures, the chairman of the British National Oil Corporation would be entitled to £50,000 a year by April 1980 and his deputy chairman and chief executive would be on a £33,500 to £41,500 scale. Board members would be on £27,000 to £35,000.

Comparable salaries in the National Enterprise Board, British Steel Corporation and the Post Office would range from £45,000 for chairman down to £26,000-£31,500 for board members.

The salaries for the next grade of industries such as rail, gas, electricity, shipbuilding and aerospace are generally about £5,000 less. Lower down the scale, the salaries in Cable and Wireless and the British Airports Authority range from £28,000 for chairmen to £16,500-£20,000 for board members.

# No old steel plant closures expected before election

BY JOHN LLOYD

THE British Steel Corporation believes that it will be unable to proceed with any big closures of its old plant before a general election, although it sees 5,000 jobs disappearing in the coming year through comparatively small layoffs.

Given an early general election, however, it is thought likely that the corporation will get approval this year to close some of its more unprofitable works. That might result in a loss of jobs at least as high as last year, when more than 16,000 posts disappeared.

The plants thought most likely to suffer from the closure of iron and steel-making facilities are Consett, in the North-East, Corby in the south Midlands, and Shotton in the North-West.

In those plants alone, 13,000 jobs might be at risk, on top of the 5,000 scheduled to be trimmed from other works.

## Payments

The corporation plans to bring in 3m tonnes of new steel-making capacity in 1979. Since the market for its steel has not improved, it must lose at least as much old capacity.

It believes that it can continue its hitherto successful policy of avoiding industrial confrontation by voluntary layoffs and high redundancy payments.

The corporation says that it has made its redundancy terms so attractive to workers in the older plants that many of them are hoping that 1979 will be the year in which their plant closes.

However, it says that there is no specific number of redundancies being sought in the coming year, largely because of political uncertainties.

# Architects' workload likely to decrease

By John Brennan, Property Correspondent

ARCHITECTS face another thin year in 1979, says the quarterly workload review published today by the Royal Institution of British Architects.

The National Council of Building Material Producers also comes out today with a cheerless forecast, suggesting a marked fall in the rate of recovery of building activity this year and a decline in the volume of building work in 1980.

The architects' latest review, covering the period to the end of September 1978, shows that the earlier quarters' recovery in new work shows signs of faltering.

The volume of new work in the third quarter of 1978 was the highest for more than four years, at £1,305m, or £925m at constant 1975 prices.

But the rate of increase in new commissions—the principle guide to future work for architects—slowed down in the quarter.

After rises in the value of new commissions of just under 16 per cent and just over 18 per cent in the previous two quarters, new commissions in the three months to the end of September showed an increase of just 11.8 per cent over the summer quarter, or 8.7 per cent on inflation-adjusted prices.

The Institute warns that the figures upset the steady recovery in the volume of architectural work recorded since the summer of 1977. It comments "architectural workload recovery may be short-lived."

# Treasury estimate challenged

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE TREASURY'S estimate of likely public sector borrowing in the financial year starting in April receives a further challenge this morning in a new circular from stockbrokers Wood Mackenzie and Co.

In common with most other analysts, the brokers suggest that the Treasury's projected borrowings of £8.5bn in 1979-80 is too low, and say that the likely outcome will be about £9bn.

This is on the assumption, shared by the Treasury, that personal tax allowances and specific indirect taxes are increased in line with inflation in the spring Budget.

On the same basis, the London Business School has also projected a £9bn borrowing requirement while brokers Laing and Cruickshank have forecast an outcome of around £9.3bn.

Wood Mackenzie argues that the Government's funding programme and possible further currency outflows will mean a continued high level of short-term interest rates in the early part of 1979.

But industry's demand for bank finance should slacken during the year as the growth of activity slows down. Consequently, short-term interest rates should start to decline later this year.

Three-month money market rates should decline from 12 per cent at present to between 9-9½ per cent at the end of 1979, and possibly between 7-8 per cent in mid-1980.

Yields on longer-dated gilt-edged stock are expected to decline in the second half of the year as a result of a reduction in funding problems and a more encouraging medium-term inflation outlook. Yields should drop from about 13 to 13½ per cent now to between 11 and 12 per cent by the end of 1979 and possibly to between 10 and 11 per cent in 1980.

While industry's demand for funds is expected to ease late in 1979, its overall bank advances are projected to increase by £4.3bn this year. This compares with the artificially small rise of £2.9bn in 1978.

The rise also partly reflects an expected rise in the financial deficit of industry from £3bn to £3.5bn between 1978 and 1979.

A New Year review from brokers Laing and Cruickshank warns that, in the absence of deflationary measures in the spring Budget, the disharmony between fiscal and monetary policies will persist and the policy of holding the exchange rate firm will be jeopardised.

# Déjà vu in Cabinet papers

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

REMARKABLE PARALLELS between the wages policy of the present Government and the post-war version introduced by the Labour Government in 1948 are highlighted in the latest batch of Cabinet minutes released today under the 30-year rule.

As now, the 1948 policy was introduced on a voluntary basis but attempts were made to enforce it.

It relied heavily on holding down wages in the public sector while the war-time system of controlled prices, still in operation, was used to restrict the private sector. Under that early version of "sanctions," companies were warned that unacceptable wage increases were not to be passed on in higher prices.

Then, as now, the policy was opposed by the TUC and the business community and the main opposition within the Cabinet came from the Left wing, notably from Aneurin Bevan.

Unlike the present 5 per cent policy, a total wage freeze was envisaged. However, as in 1978, exceptions were to be made in deals that involved genuine productivity agreements.

Reading the 30-year-old Cabinet papers, available at the Public Record Office at Kew, one is overwhelmed with a sense of déjà vu. The phraseology used in some of the Cabinet discussions, particularly about the dangers of runaway inflation, is almost identical with some in the recent speech of Mr. Callaghan, the Prime Minister, and other Government Ministers.

The issue emerged at a Cabinet meeting on February 2, 1948, when a revised draft was presented of a document dealing with "the economic and other considerations to be taken into account in wages negotiations."

Mr. Bevan, Minister of Health, made it clear that he was against the whole thang and thought that the proposals should be scrapped.

He suggested that eventually the Government would probably have to pursue a more active policy against public-sector wage increases to give a lead to private industry.

In the discussion that followed, unnamed Ministers pointed out that it had been impossible to control wage and profit inflation by direct Government intervention.

Wages had risen steadily in previous months and there seemed no possibility of future stability. In the circumstances, it was felt that the situation was too grave for the Government to maintain a purely passive role. Should it fail to give firm guidance at that stage, there was a grave risk of uncontrolled inflation.

It is apparent from the minutes that grave doubts still existed in the minds of some Ministers. They drew attention to the "practical difficulty" involved in implementing the policy in the private sector.

It was also decided that it would be as well to avoid trouble with the TUC and Federation of British Industry and that it would be better not to consult them before announcing the policy.

As a result, Clement Attlee, the Prime Minister, announced the White Paper entitled "Personal Incomes, Costs and Prices," in the Commons on February 4.

At the Cabinet meeting on March 5, a protest letter from the TUC was read out, complaining that it had not been consulted about the policy. By March 25 the TUC was complaining to the Cabinet that what had been announced as a voluntary policy was being implemented in a compulsory manner.

The unions were particularly angry that the Civil Service Arbitration Tribunal had awarded an allowance on the proviso that it would not be paid while the Government policy was in force.

By May, Sir Stafford Cripps, Chancellor of the Exchequer, was expressing alarm at the difficulty of holding down wages in the public sector and emphasising that that was essential if wage restraint was to be observed in the private sector.

Then, in a phrase that has an all too familiar ring to the contemporary reader, he adds: "It must of course be borne in mind that this is a temporary policy, suitable to the existing inflationary situation. If and when deflation sets in, quite different considerations will apply."

# Russians begin Berlin blockade

The minutes for the second half of 1948 are dominated by the Russian blockade of Berlin, the subsequent Berlin Airlift, and the Soviet threat in Central Europe and the rest of the world.

On June 24 the Cabinet was told that early that morning the Russians had stopped all road and rail traffic between Berlin and the Western Zones of Germany. The following day, General N. C. D. Brownjohn, the British Deputy Military Governor in Germany, reported personally to the Cabinet.

He told Ministers that it would not be practicable to bring freight trains into Berlin by force and that it would only be feasible to convoy lorries by road as part of a large-scale military operation.

The general also doubted whether it would be practicable to bring in sufficient food for the civilian population by air, even if many people were evacuated.

On June 28, the Cabinet was informed that Royal Air Force pilots had been told that they had to accept the risk of interference by Soviet fighters on flights into Berlin. They had been instructed to shoot down any barrage balloons that the Russians might put up.

The alarm over Soviet hostility was illustrated in a memorandum to the Cabinet from Ernest Bevin, the Foreign Secretary. Headed "The Threat to Western Civilisation," it stated that the Russian Politburo was planning physical control of the Eurasian land mass and eventual control of the world: "no less a thing than that."

Mr. Bevin observed that unless vigorous steps were taken, the Soviet Union would gain political and strategic advantages within the next few weeks or months. That would "set the great Communist machine in action, leading either to the establishment of a world dictatorship or, more probably, to the collapse of organised society over great stretches of the globe."

The preoccupation with the Communist threat is also reflected in annexes to the Cabinet minutes. They refer to the need to step up the campaign against Communist infiltration of British trade unions.

# Financial loss on groundnut plan

The minutes show the continued Government optimism over the massive scheme to plant groundnuts in East Africa, inspite of many setbacks. Eventually that was to lead to a large financial loss and one of the biggest Government fiascos.

John Strachey, Minister of Agriculture, reported that only 10,000 acres would be planted with groundnuts that year instead of 100,000. He also disclosed that the capital cost had risen by £5.7m and the operating cost by £1.6m.

Yet he was still convinced that the scheme "is one of the most significant public pioneering enterprises which the Government has yet undertaken."

# TUC plans review of inter-union membership disputes

BY ALAN PIKE, LABOUR CORRESPONDENT

THE TUC is to make arrangements soon for a review of its Bridlington procedures, which are designed to resolve inter-union membership disputes.

Last year's congress instructed the TUC general council to review the working of the procedures and report back to the next congress in September. A decision on how the investigation should be conducted and evidence collected is likely to be made this month.

Affiliated unions have a mixture of motives for seeking a review of the long-established Bridlington arrangements. The National Graphical Association, for instance, which proposed the review at congress, is concerned that Bridlington recommendations take insufficient account of the effects of technological change on union organisation.

Another union, the Engineers' and Managers' Association, is disturbed at TUC disputes committee decisions which it has lost in its efforts to represent senior staff in the engineering industry.

The association started legal action against the Advisory, Conciliation and Arbitration Service and the TUC arising out of its efforts to recruit engineers and managers at GEC Reactor Equipment's plant at Whetstone, near Leicester. It is not yet certain whether the action against the TUC will be heard before the next congress.

A Court of Appeal decision in another important recognition case is expected shortly. ACAS is appealing against a High Court decision that it misdirected itself in law when it failed to recommend recognition for the non-TUC affiliated UK Association of Professional Engineers at APE-Allen, a Bedford engineering company.

There is growing feeling among some trade union leaders and elsewhere that the recognition provisions of the Employment Protection Act have not worked satisfactorily, and that amendment will be required whatever changes the TUC decides to make in its Bridlington rules.

# Tory trade unionists' influence 'has spread'

BY OUR LABOUR CORRESPONDENT

THE Conservative Trade Unionists organisation has increased its influence within the party and the union movement in the past year, Mr. Fred Hardman, national chairman, said yesterday.

The significance of the organisation's influence in the Conservative Party, he said, was that it had been able to "counter the opinion which has sought to put at the feet of trades unions the blame for all our economic plight and to condemn outright trade unionism."

Mr. Hardman said that the biggest hurdle to overcome was the "kamikaze behaviour" of some elements in trade union leadership.

It was all too easy for the anti-trade unionist to give examples of union leadership that was at best blind to its members' real interests, and at worst, had pursued an undemocratic, vindictive campaign against fellow workers and often fellow trade unionists.

Such activities were an "obscene and flagrant abuse of power" given to union leaders by the Labour Government. Demands for repressive action against unions could be understood, but Mr. Hardman's organisation persuaded the Conservative Party to recognise basic truths.

"Perhaps the most important is that most trade unionists, members and officials, are not involved in and would not countenance the extreme behaviour of the left wing, who are responsible for most of the worst examples of trade union intolerance and irresponsibility.

"It is on the responsible element in trades unions that the CTU can help to build a democratic trade union movement, and we shall continue to urge this as the better way than all-out anti-union measures."

Mr. Hardman said that it was becoming accepted that the close association between the TUC and the Labour Party was to the detriment of the workers' interests.

That was evident in the success of his organisation's campaign to persuade people to contract out of the political levy. The organisation was attempting to secure publication of contracting-out forms in union journals, although it did not expect "instant success."

# Keep up inflation fight plea to Government

BY OUR INDUSTRIAL STAFF

POLITICIANS will be urged this year by the Engineering Employers' Federation to have the courage to initiate policies which have a real chance of success in curbing inflation, Sir Geoffrey Hawkins, president, says in a New Year message to the federation's 6,000 member companies.

"This is the quickest way to benefit everyone in the industry and greatly enhance our competitive performance. It will also lead to an improvement in the conduct of collective bargaining which both employers and unions hope will take place in the future without interference from Government."

Priorities for a new Government included controlling the money supply and cutting Government expenditure. The federation also would be pressing for a reduction in personal taxation to encourage incentive and effort.

There must be "a steady and continuous move to extricate industry from the distortions of the pay policy. And there must be no more new legislation until industry has digested that of the last few years."

As for the federation members themselves, "a major item is to improve industrial relations in our industry through a better use of the national procedure agreement.

"The present position is that the procedure operates at best erratically, and both unions and management should seek to ensure its strict observance as it is wholly in the interests of both parties to reduce disputes."

Good management and good industrial relations were the foundations for a successful industry which would then attract the necessary talent—people liked to be involved in success, not failure. "It is our responsibility, as employers, to see that we succeed," said Sir Geoffrey.

# British Airways to hold 'human relations' review

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS' top management is planing to hold a two-day conference soon with senior trades union and staff representatives "to review the whole human and industrial relations field in British Airways, and look for ways towards solutions."

The meeting will not be directly concerned with immediate issues, such as pay, but with correcting what the management believes to be the more deeply underlying problems which gave rise to so many disputes last year and could threaten the airline further this year.

Mr. Ross Stainton, chief executive, said recently that while the airline carried about 15m passengers last year, or 2m more than in 1977, "numerous black-spots continue to plague us.

"To many of them direcaly affect our customers. Too many of them are brought about by industrial action that ignores the whole machinery of consultation in British Airways in reckless pursuit of a short-term aim. Most of them have only the effect of making our customers miserable."

These include the recent strike of catering workers which cut services aboard the line's aircraft, and the "dirty aircraft" dispute which also hit services when cabin crews walked out.

The airline's management discussed these matters before Christmas with the executive of the British Airways Trades Union Council, which comprises staff representatives, including shop stewards and some full-time union officials.

## Conference

Mr. Stainton said: "We agreed that we would arrange urgently a two-day conference between the council and the management to review the whole human and industrial relations field in British Airways, and look for way towards solutions.

● The 14.5 per cent rise in oil prices this year recently agreed by OPEC is likely to cost British Airways an extra £10m in fuel bills in 1979-80, says the airline's staff newspaper, British Airways News. The airline's fuel bill in 1977-78 amounted to £224m.

# FT Monthly Survey of Business Opinion

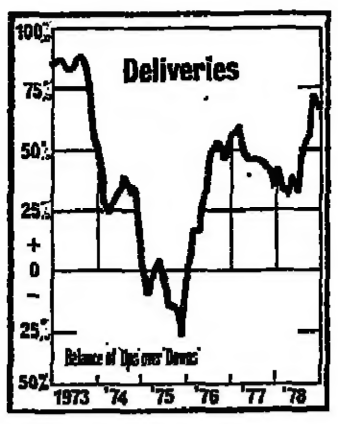


## GENERAL OUTLOOK

# Confidence falls further

THE DECLINE in confidence about prospects for the UK economy continued in December after the deterioration of the previous month. The main reasons given for the further fall centered on fears of labour difficulties over pay and the lack of a firm Government policy on wages.

Additional reasons were that public spending had not been reduced, expectations of a further recession and of an improvement in the dollar's exchange rate in relation to sterling.




Of the three sectors surveyed in December, companies in non-electrical engineering tended to be least optimistic about the general business position. In the brewing and distilling sector sentiment was unchanged on balance, while there was some improvement among companies in paper and connected industries. This was attributed to increased advertising expenditure and good pre-Christmas sales of gift and card items.

On balance there was little net change in the index covering export prospects, although there was a tendency for the paper and connected industry sector to take a more optimistic view than when previously surveyed in August. This was offset by a fall in optimism amongst brewers and distillers.

The falling dollar was often mentioned as a factor affecting exports and political problems in countries such as Ghana, Nigeria and Iran were cited by companies dealing with these areas. There was also a certain number of complaints about competition and price-cutting.

### GENERAL BUSINESS SITUATION

| Are you more or less optimistic about your company's prospects than you were four months ago? | 4 monthly moving total | | | | December 1978 | | |
|---|---|---|---|---|---|---|---|
| | Sept.-Dec. % | Aug.-Nov. % | July-Oct. % | June-Sept. % | Eng'g. (non-elect.) % | Brews. % | Paper & Packaging % |
| More optimistic | 34 | 36 | 42 | 47 | 6 | 29 | 64 |
| Neutral | 51 | 51 | 46 | 39 | 52 | 71 | 36 |
| Less optimistic | 15 | 13 | 9 | 11 | 42 | — | — |
| No answer | — | — | 3 | 3 | — | — | — |

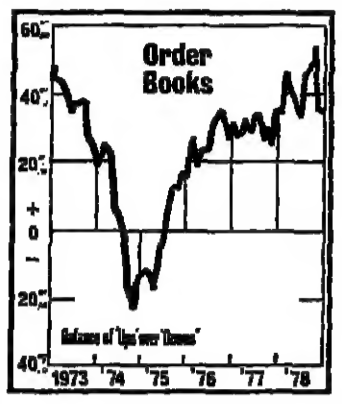
### EXPORT PROSPECTS (Weighted by exports)

| Over the next 12 months exports will be: | 4 monthly moving total | | | | December 1978 | | |
|---|---|---|---|---|---|---|---|
| | Sept.-Dec. % | Aug.-Nov. % | July-Oct. % | June-Sept. % | Eng'g. (non-elect.) % | Brews. % | Paper & Packaging % |
| Higher | 79 | 77 | 72 | 79 | 89 | 82 | 71 |
| Same | 16 | 18 | 20 | 15 | 11 | — | 29 |
| Lower | 3 | 3 | 6 | 6 | — | 18 | — |
| Don't know | 2 | 2 | 2 | — | — | — | — |

## ORDERS AND OUTPUT

# Deliveries slip back

THE INDICES for both new orders and recent deliveries declined in December after remaining more or less unchanged in the previous month. There was a particularly sharp drop in the number of companies reporting an increase in orders over the past four months.




In engineering, building orders were said to be starting to fall, and orders from the motor industry had been affected both by the Ford strike and the subsequent slow rate of recovery.

However, there was virtually no change in the index for order books. Reduced expectations on the part of the engineering section and, to a lesser extent, brewing and distilling, had been offset by better figures for the paper and connected industry group.

The fall in the recent deliveries index was more moderate, with a key factor being slow pick-up in the motor industry after the Ford strike.

Both the engineering, and brewing and distilling sectors expected their turnovers to increase by less than when previously surveyed, pushing the median expected increase down slightly from 6.2 to 6 per cent.

### NEW ORDERS

| The trend of new orders in the last 4 months was: | 4 monthly moving total | | | | December 1978 | | |
|---|---|---|---|---|---|---|---|
| | Sept.-Dec. % | Aug.-Nov. % | July-Oct. % | June-Sept. % | Eng'g. (non-elect.) % | Brews. % | Paper & Packaging % |
| Up | 58 | 68 | 65 | 52 | 36 | 14 | 22 |
| Same | 13 | 16 | 21 | 27 | 21 | 23 | — |
| Down | 10 | 7 | 4 | 8 | 18 | — | 25 |
| No answer | 19 | 9 | 10 | 13 | 25 | 63 | 53 |

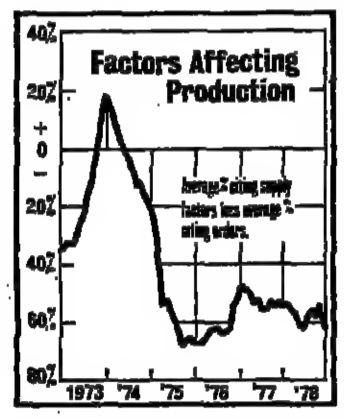
### PRODUCTION/SALES TURNOVER

| Those expecting production/sales turnover in the next 12 months to: | 4 monthly moving total | | | | December 1978 | | |
|---|---|---|---|---|---|---|---|
| | Sept.-Dec. % | Aug.-Nov. % | July-Oct. % | June-Sept. % | Eng'g. (non-elect.) % | Brews. % | Paper & Packaging % |
| Rise over 20% | 6 | 7 | 7 | 5 | — | — | — |
| Rise 15-19% | 5 | 4 | 5 | 5 | 25 | — | — |
| Rise 10-14% | 14 | 13 | 15 | 17 | 3 | 3 | 30 |
| Rise 5-9% | 21 | 24 | 25 | 24 | 47 | 35 | 7 |
| About the same | 33 | 32 | 35 | 40 | 25 | 31 | 39 |
| No comment | 21 | 20 | 13 | 9 | — | 31 | 30 |

## CAPACITY AND STOCKS

# Demand remains constraint

THERE WAS a further slight fall in the number of companies who said they were working below planned output levels last month. The previous month's finding—of a greater tendency for companies to say their level of stocks was too high rather than about right in relation to their sales—was also repeated.




Demand remained the main constraint on output rather than supply factors, and the index moved further in this direction in December.

In both the engineering and paper and connected industry sectors there was a greater tendency to mention shortage of export orders as a factor affecting production. On the other side of the equation both the sectors complained of component and raw material problems to a greater extent than when last surveyed.

There was little change in expectations for stocks of raw materials and manufactured goods over the next 12 months. However, there was a slight decline in expectations that work in progress would increase, mainly caused by sentiment in the engineering and paper and connected industry sectors.

### CAPACITY WORKING

| | 4 monthly moving total | | | | December 1978 | | |
|---|---|---|---|---|---|---|---|
| | Sept.-Dec. % | Aug.-Nov. % | July-Oct. % | June-Sept. % | Eng'g. (non-elect.) % | Brews. % | Paper & Packaging % |
| Above target capacity | 14 | 12 | 16 | 18 | 6 | 35 | — |
| Planned output | 60 | 61 | 55 | 55 | 40 | 62 | 75 |
| Below target capacity | 24 | 25 | 28 | 27 | 51 | 3 | 25 |
| No answer | 2 | 2 | 1 | — | 3 | — | — |

### STOCKS

| | 4 monthly moving total | | | | December 1978 | | |
|---|---|---|---|---|---|---|---|
| | Sept.-Dec. % | Aug.-Nov. % | July-Oct. % | June-Sept. % | Eng'g. (non-elect.) % | Brews. % | Paper & Packaging % |
| Raw materials and components over the next 12 months will: | | | | | | | |
| Increase | 37 | 37 | 45 | 46 | 42 | 27 | 31 |
| Stay about the same | 46 | 49 | 38 | 37 | 52 | 3 | 67 |
| Decrease | 4 | 4 | 7 | 9 | 6 | 7 | — |
| No comments | 13 | 10 | 10 | 8 | — | 63 | 2 |
| Manufactured goods over the next 12 months will: | | | | | | | |
| Increase | 31 | 34 | 37 | 42 | 20 | 11 | 31 |
| Stay about the same | 40 | 41 | 37 | 39 | 15 | 58 | 34 |
| Decrease | 6 | 5 | 4 | 3 | 31 | — | 8 |
| No comments | 23 | 20 | 22 | 16 | 34 | 31 | 27 |

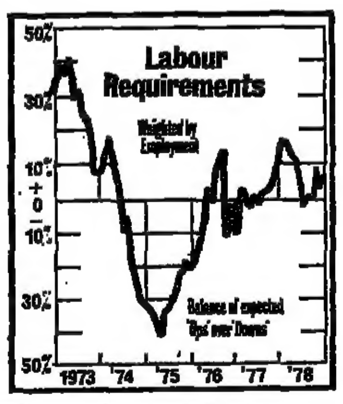
### FACTORS CURRENTLY AFFECTING PRODUCTION

| | 4 monthly moving total | | | | December 1978 | | |
|---|---|---|---|---|---|---|---|
| | Sept.-Dec. % | Aug.-Nov. % | July-Oct. % | June-Sept. % | Eng'g. (non-elect.) % | Brews. % | Paper & Packaging % |
| Home orders | 83 | 82 | 81 | 82 | 70 | 93 | 86 |
| Export orders | 67 | 63 | 60 | 61 | 68 | 89 | 58 |
| Executive staff | 13 | 14 | 18 | 16 | 1 | — | 6 |
| Skilled factory staff | 45 | 46 | 49 | 43 | 31 | 32 | 33 |
| Manual Labour | 7 | 11 | 8 | 6 | 3 | — | — |
| Components | 6 | 4 | 7 | 6 | 3 | — | 25 |
| Raw materials | 12 | 9 | 8 | 8 | 31 | — | 31 |
| Production capacity (plant) | 4 | 5 | 10 | 10 | — | 7 | — |
| Finance | 1 | 1 | — | — | — | — | — |
| Others | 6 | 7 | 14 | 12 | 31 | — | 1 |
| Labour disputes | 25 | 32 | 27 | 24 | 63 | — | 3 |
| No answer/no factor | 3 | 3 | 1 | 1 | — | 7 | — |

## INVESTMENT AND LABOUR

# Recovery in jobs

THE INDEX covering labour requirements almost recovered the ground lost last month, with both the engineering and the paper sectors more inclined to say they expected their workforces to increase over the next 12 months. In numerical terms, though not in weighted terms, the engineering sector also tended to take this view.




There was an increase in the extent to which companies said employment levels were determined by labour supply factors, rather than by a shortage of demand for their products.

Both the brewing and distilling and paper sectors were less inclined to say they would increase their capital expenditure levels over the next 12 months than they had been when previously surveyed. As a result the indices for capital investment continued the decline that began two months ago.

Liquidity levels in industry remained generally satisfactory.

### LABOUR REQUIREMENTS (Weighted by employment)

| Those expecting their labour force over the next 12 months to: | 4 monthly moving total | | | | December 1978 | | |
|---|---|---|---|---|---|---|---|
| | Sept.-Dec. % | Aug.-Nov. % | July-Oct. % | June-Sept. % | Eng'g. (non-elect.) % | Brews. % | Paper & Packaging % |
| Increase | 32 | 30 | 27 | 21 | 27 | 51 | 51 |
| Stay about the same | 43 | 43 | 55 | 59 | 50 | 45 | 49 |
| Decrease | 25 | 27 | 18 | 20 | 23 | 4 | — |

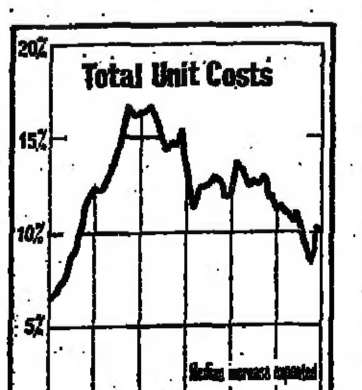
### CAPITAL INVESTMENT (Weighted by expenditure)

| Those expecting capital expenditure over the next 12 months to: | 4 monthly moving total | | | | December 1978 | | |
|---|---|---|---|---|---|---|---|
| | Sept.-Dec. % | Aug.-Nov. % | July-Oct. % | June-Sept. % | Eng'g. (non-elect.) % | Brews. % | Paper & Packaging % |
| Increase in volume | 46 | 48 | 56 | 60 | 52 | 51 | 34 |
| Increase in value but not in volume | 10 | 10 | 8 | 11 | 8 | — | — |
| Stay about the same | 18 | 18 | 15 | 14 | 40 | 6 | 57 |
| Decrease | 16 | 16 | 18 | 12 | — | — | 9 |
| No comment | 10 | 8 | 3 | 3 | — | 43 | — |

## COSTS AND PROFIT MARGINS

# Inflation index steady

THE ABANDONMENT of pay sanctions is likely to increase wage rates only slightly, according to companies which were re-interviewed after the Parliamentary vote. Before the recall the index for unit costs was more or less unchanged, with most companies expecting an increase of between 10-14 per cent over the next year. A similar pattern was evident in expectations over wages.



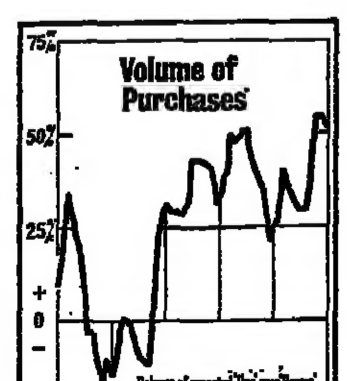

The engineering and paper sectors expected smaller increases in prices than they had when last surveyed, but this was offset by a more inflationary view from the brewers and distillers.

There was a slight upward movement in the index for profit margins, based mainly on expectations in the brewing and distilling and paper sectors. The lifting of Government sanctions was not thought likely to affect profitability.

These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based upon extensive interviews with top executives.

Three sectors and some 30 companies are covered in turn every month. They are drawn from a sample based upon the FT-Actuaries' Index, which accounts for about 60 per cent of all public companies.

The all-industry figures are four-monthly moving totals covering some 120 companies in 11 industrial sectors (mechanical engineering is surveyed every second month).




*Complete tables can be purchased from Taylor Nelson and Associates.*

### COSTS

| | 4 monthly moving total | | | | December 1978 | | |
|---|---|---|---|---|---|---|---|
| | Sept.-Dec. % | Aug.-Nov. % | July-Oct. % | June-Sept. % | Eng'g. (non-elect.) % | Brews. % | Paper & Packaging % |
| *Wages rise by:* | | | | | | | |
| 5-9% | 24 | 25 | 21 | 21 | 58 | 3 | — |
| 10-14% | 56 | 56 | 64 | 66 | 23 | 97 | 65 |
| 15-19% | 6 | 6 | 3 | 3 | 7 | — | 8 |
| No answer | 14 | 13 | 12 | 10 | 12 | — | 27 |
| Unit cost rise by: | | | | | | | |
| 0-4% | 1 | 1 | 4 | 8 | 12 | — | — |
| 5-9% | 34 | 31 | 34 | 38 | 57 | 37 | 28 |
| 10-14% | 43 | 43 | 34 | 31 | 31 | 32 | 41 |
| 15-19% | 1 | 1 | 1 | 1 | — | — | 6 |
| Decrease | 2 | 2 | 2 | 2 | — | — | — |
| No answer | 19 | 22 | 25 | 20 | — | 31 | 25 |

### PROFIT MARGINS

| Those expecting profit margins over the next 12 months to: | 4 monthly moving total | | | | December 1978 | | |
|---|---|---|---|---|---|---|---|
| | Sept.-Dec. % | Aug.-Nov. % | July-Oct. % | June-Sept. % | Eng'g. (non-elect.) % | Brews. % | Paper & Packaging % |
| Improve | 33 | 32 | 32 | 37 | 23 | 74 | 55 |
| Remain the same | 40 | 42 | 35 | 31 | 39 | 26 | 36 |
| Contract | 21 | 21 | 26 | 26 | 25 | — | 9 |
| No comment | 6 | 5 | 7 | 6 | 12 | — | — |

# Building and Civil Engineering

## Scottish contracts for Norwest Holst

NORWEST HOLST has won a series of six contracts totalling just under £3m for various projects in Scotland.

Largest is for the Scottish Development Agency and specifies the segregation and refurbishment of the existing factory and office block forming Block 9 of Larkhall Industrial Estate. This operation will require the removal of the central section of the factory to allow for a new access road, which will split the factory into two blocks and six factory units.

The value of this award is £750,000.

Second largest contract, worth £700,000, is also from the Scottish Development Agency and is for the erection of a factory for glassware manufacture on the Inveralmond Industrial Estate, Perth. Facilities will be provided for retail operations and the production and storage block area will cover 1,467 square metres.

For £556,290, the company will apply internal finishings to the concourse platform chamber and a fire exit for the Partick station on the Glasgow underground, to the specifications of the Greater Glasgow Passenger Transport Executive.

Consulting engineers on this job are Sir William Halcrow and architects William Holford and Associates.

For Peterhead Harbour Trust, a £409,232 award covers the provision of a 2,000 square metre extension to the fish market at North Harbour, Peterhead. Offices on two levels are specified and the contract includes construction of 400 square metres of quay wall. Wallace, Stone and Arcubos of Glasgow are consulting engineers.

On the M90 in Fife, a contract worth £357,378 has been let for the construction of a 3.2 metre wide hard shoulder over 6.5 kilometres with drainage and safety fencing.

Grampian Regional Council has let a £216,000 contract for 620 linear metres of 406mm steel outfall sewer at Crimond to terminate 220 metres beyond mean low water spring tide mark.

## £10m project in Perth

A NEW world headquarters for the General Accident Fire and Life Assurance Corporation is to be built at Perth in Scotland.

Planning permission has been given by Perth and Kinross District Council for construction on a 47-acre site at Pitheavlis on the south-western outskirts of Perth. General Accident says it has allocated £10m for the project.

Tenders are to be invited from contractors in the second half of 1979 and it is expected that work will start early in 1980 with completion about three years later.

The four-storey building is to include a training college and will provide 24,000 square metres of floor space to accommodate up to 1,135 staff. It will have extensive exterior glazing and there will also be a considerable amount of exposed aggregate ribbed concrete on the exterior. A car park accommodating about 500 vehicles will also be provided.

It is understood that General Accident will later also submit a planning application to build a residential hostel on the same site for its trainees and there are also plans for the provision of sports facilities.

The architect is James Parr and Partners of Broughty Ferry, Dundee.



## Factories planned in Luton

ON A 3.4 acre site in Camford Way, Luton, which is in the area of the Sundon Park Industrial Estate, Hunting Gate Developments of Hitchin is planning a two-stage factory project, expected to cost £1m in all.

In the first stage, a 35,000 square foot factory and office complex is to be set up for corrugated case manufacturer Browne and Day whose facilities will occupy a 2½ acre site.

## £2.9m Tesco store

A £2.9m contract, to build a Tesco superstore and multi-storey car park at Colchester, Essex, has been awarded by Tesco to John Mowlem.

Situated in St. John Street, on the fringe of the shopping centre, the store will have a gross floor area of about 70,000 sq ft and a sales area of about 45,000 sq ft.

Designed by Leicester architects Gordon White and Hood, the building will include selling areas on the ground floor while a mezzanine floor will provide ancillary accommodation and storage. There will also be three levels of car parking above, providing more than 700 parking spaces.

Construction will be of reinforced concrete frame with part brick, part clay tile, cladding. Work has just started and completion is due in autumn 1980.

## Lifting gear safety

EYEBOLTS used with slings, and for anchoring safety lines, can be dangerous if they are screwed into incompatible tapped holes, says a guidance note published by the Health and Safety Executive. The note warns that mismatching can result in a loss of strength of more than 50 per cent and recommends that eyebolts and tapped holes be clearly marked with diameter and form of thread.

Eyebolts and tapped holes now in use have one of five possible thread forms; BSW, BSF, UNC, UNF and ISO metric. New equipment is increasingly provided with ISO metric tapped holes but plant with Imperial thread forms will remain in use for many years to come, greatly increasing the possibility of mismatching. The note suggests methods for marking eyebolts and tapped holes which can prevent this possibility.

At present only the Construction (Lifting Operation) Regulations and the Shipbuilding and Ship Repairing Regulations include eyebolts in their definitions of lifting gear, which set requirements for their construction, strength, testing and periodic examination. However the note advises eyebolt users to comply with these requirements until comprehensive regulations for lifting gear are introduced.

Appendices to the note show photographs of eyebolts and tapped holes damaged by mismatching and give tables of the many mismatching possibilities.

"Eyebolts" (Guidance Note PM16), HMSO at 30p plus postage.

## Growing Finnish exports

OVERSEAS operations by Finnish contractors for the year 1978 are believed to have expanded by 50 per cent over 1977 to reach a record total value of £218m, according to the country's Associated General Contractors group.

Forecast is that the advance will continue during the current year to a new high of £243m, peaking at about £256m in 1980.

The largest market for these activities in 1978 was the Middle Eastern group of countries where Finnish contractors earned £102m and this was followed by work in the Soviet Union near the border with the two countries to a total of £90m. In third place was work in various African countries valued at £19m.

Broken down by types of project, the shares are 40 per cent residential property, 22.5 per cent civil engineering, 22.5 per cent public and commercial buildings and 15 per cent industrial buildings.

The group points out that for 1978, operations outside the country represented some 8 per cent of the total domestic investment in new buildings, a figure comparable with operations in France and West Germany and a particularly high one. For 1980, it is expected that the share will rise to as much as 10 per cent of domestic investment.

At the end of September 1978, the total value of contracts in hand in various overseas countries was £770m.

## Fastening the roof

FIXING tools from Hilti (Gt. Britain) are being used to fasten down the metal decking roof material of the new engine plant being constructed for Ford Motor Company at Bridgend, East Glamorgan, South Wales.

The fixing is being carried out by R. M. Douglas Roofing of Swansea and involves fastening about 110,000 square metres of metal decking to L-section steel girders. This is the largest roof currently under construction in the UK.

Hilti cartridge tool equipment being used is the DX650 which is designed specifically to meet requirements of roofing contractors for extensive and continuous nailing of metal sheeting to steel angles. It has a cartridge magazine containing 10 Hilti safety cartridges to allow safe and effective fastening at a rate of up to eight fixings per minute.

DX650 uses the explosive force of a cartridge to drive the roofing nail through the decking sheet into the steel purlin by means of a guided piston. The use of this captive piston virtually eliminates the danger of ricochets and rebounds. In addition, the firing mechanism is made in such a way that even when the tool is loaded and the trigger operated, the firing pin will not strike the cartridge unless the tool is pressed firmly against the base material. There is also a safety device to prevent a loaded tool from firing if dropped by accident.

Hilti House, Chester Road, Manchester, M16 0GW. 061-872 5010.

## Controlling stocks of timber

OF ALL the suppliers to the building industry, the timber trade has the worst stock control problems, primarily because the material is bought by the cubic metre, but in all kinds of lengths and thicknesses. Thus it is almost impossible manually to keep track of all stocks in a timber yard.

In conditions of soaring timber prices, that element of wastage can mean all the difference between a profit and a loss for the merchant.

CMG Midden-Nederland one of CMG Computer Management Group's Dutch affiliates, has solved the problem once and for all with a terminal-based stock control system which is capable of showing stock levels on a display unit at a touch of a button, and will also produce invoices and despatch notes.

Named HOUT, the package was developed for use on one of NCR's small 8200 computers, in co-operation with NCR Nederland, but it can run on any NCR machine. It is written in Cobol 74.

Varying sizes and amounts of timber in stock are shown on the terminal display as each order is entered, permitting instant decisions and keeping wastage to a minimum.

Significantly, if there are any alterations either in supply or requirements between order and delivery, the system will automatically adjust the order form.

Once this form has gone to the yard and the timber has been cut to requirements, the package produces the invoices, taking into account the current price and the various mark-ups and discounts allowed by the particular dealer.

Updated stock lists, financial balances worked out for each customer and production of buying schedules as well as registration of contracts are other important automatic by-products of the package.

Further information from CMG (UK), Sunley House, Bedford Park, Croydon, Surrey CRO 2AP. 01 681 7631.

## Traversing the face of the building

ABLE TO carry a two-metre, two-man cradle to a height of 76 metres, the Power-Pack cradle system provides power hoisting with manual traversing, but can be provided with power traversing and manual slewing if required.

The cradle is raised and lowered by a control unit carried in it, which commands the electrical hoisting equipment. All the control circuits in the cradle operate at 50 volts or less and the trolley cannot be inadvertently traversed while the cradle is operating on the face of the building.

Manual traversing is by means of an endless line which is linked to the front-wheel drive of the trolley. Electrical traversing is provided by adding a motor and gearbox unit with a control station at the jib head.

Retraction from the building face takes place through the action of an endless line linked to a suspension boom drive mechanism which, in association with a spring-loaded line, operates a locking device.

Cradle Runways (OCS Group), 4, Hythe Street, Dartford, Kent. Dartford 21414.

## Internal sealing of gas mains

CONSIDERABLE experience has been gained by Scottish Gas in internally sealing gas mains as part of its preventative maintenance programme. They have used a sealing fluid which is sprayed along the mains while they are still charged with gas, using long lengths of flexible hose.

This application is extremely demanding on the hose. Due to the high pressure of the applied sealant—2,500 psi—very sharp turns, and abrasion involved, few products survived for long and the work was proving expensive in replacement hose.

Polypenco Nylaflow high pressure hose has been used with very satisfactory results. This product is made using a bonded construction. The liner is chemically bonded to the braid, and the braid bonded to the cover. This construction resists kinking or collapsing when tightly bent, and ensures that the hose has the total strength of its three layers at all times.

It is also highly flexible, easy to handle and resists fatigue.

The hose is inserted through a 1 in bore standpipe, which is fitted into the live main, sealed at the top to prevent the gas escaping. The hose is passed down the standpipe, turns into the main through a tight 90° turn, and travels up the pipe by reaction to the spraying pressure. After reaching the limit the spray pressure is taken off, the hose hauled back, and sent down the gas main in the other direction. Distances of up to 200 metres—that is up to 100 metres in either direction—are being treated typically from one point.

Polypenco is at Welwyn Garden (07073) 21221.

## Aids design of plant

SIA has released the HTFS heat transfer computer programs for its Cyberpower CDC computer service.

Under a recently-signed agreement with the Heat Transfer and Fluid Flow Service, (HTFS), the full range of programs has been installed on SIA's system, and is now available to all sponsors of the HTFS project.

HTFS is a major information source and centre of research and expertise in heat transfer and fluid flow, and its application to equipment design in the petrochemical, chemical and process industries. Sponsored by leading companies in these industries, the Department of Industry and NEL, HTFS has developed an extensive range of practical and reliable software, based on the best available techniques and research.

Programs run in batch mode at SIA and may be used from a remote batch terminal or in CRJE mode from a teletype-compatible slow speed terminal.

SIA, Ebury Gate, 23 Lower Belgrave Street, London SW1W 0NW (01-730 4544).

## Cladding system

AN INTEGRATED cladding system to be supplied by Ward Brothers of Sherburn, Malton, Yorks., is said to include all the components necessary for the external envelope of industrial and commercial buildings.

It is to be called Moduclad and is made up from components with metal cladding profiles designed to fit together in modules of one metre.

The cladding is manufactured from cold-rolled steel sheet

### IN BRIEF

- Agent Plant Hire says it plans to spend around £2m on new plant and extending its regional depot network during the next 12 months. Part of the new cash injection will be spent in the Leeds and Nottingham depots of a subsidiary Simwain Plant.
- C and R Construction of Bradford, West Yorkshire, has won a £180,000 contract to supply 42 accommodation units to the Galadari Foundation of Dubai, on the Gulf. The units will be used to house employees of a foodstuff distribution centre now nearing completion.
- Butters Cranes of Glasgow is to supply two electric derrick cranes to John Laing Construction next spring at a cost of £308,000.

# Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● METALWORKING

## Trims the castings

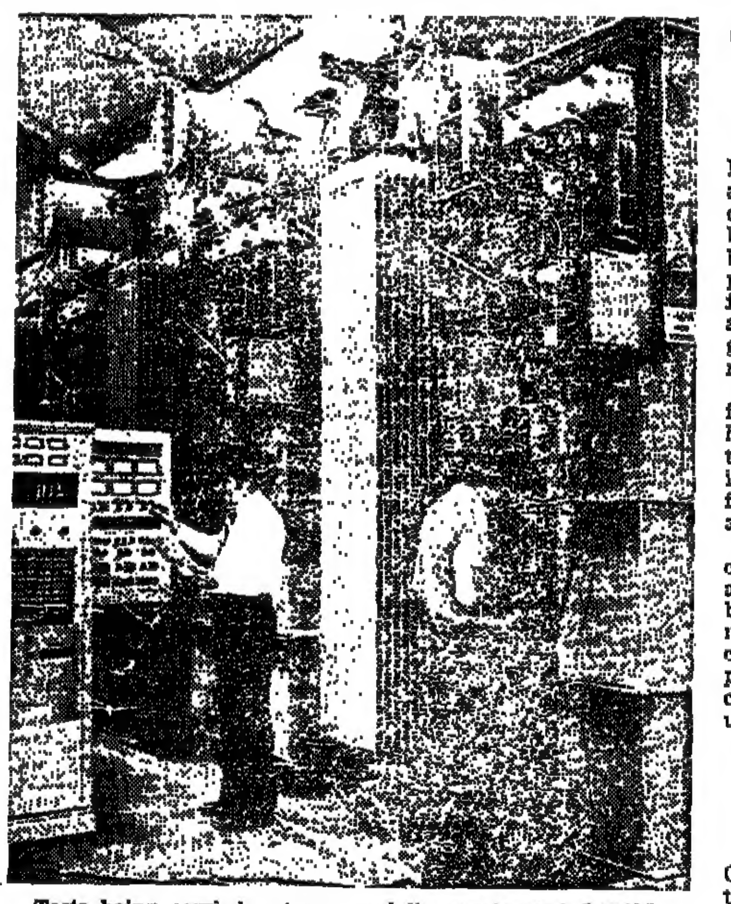
PRODUCTIVITY increases of between 140 and 420 per cent in cleaning castings are anticipated by the Wilhelm Pieck steelworks at Magreburg-Rothensee in the German Democratic Republic, following the successful commissioning of its new plasma-cutting plant for cleaning castings.

The new plant, which has been undergoing trials and testing on one-fifth of the Magdeburg steelworks' output of castings since December last year, officially went into full-scale industrial operation in November.

Both plasma-trimming plant and the process used were developed in the GDR. The plasma cutter comes from the Manfred von Ardenne Research Institute in Dresden. It employs a highly ionised gas stream to produce flame temperatures of between 15,000 degrees C and 20,000 degrees C.

Overall, the plasma plant can clean-off the runners and risers from large quantities of castings in a completely automatic process. This not only ensures a massive increase in productivity but also replaces what has until now been arduous manual labour. The new plant has largely removed the former wide difference in the level of technical sophistication between the moulding and cleaning shops.

GDR Technical Information Service, Brent Cross House, 124 the Broadway, London, NW9 7BS.



Tests being carried out on specially constructed 1,000kVA transformers at the Crawley, Sussex, factory of Brentford Electric, a member of the Low and Bonar Group. Designed and reinforced to withstand certain seismic disturbances the equipment will go to a large research and testing laboratory in Mexico. The order is worth over £250,000.

## Finishes with precision

MADE IN Munich by Spinner Werkzeugmaschinenfabrik and available in the UK from Horsman, a high-precision multi-configuration machine for turning and other metal removal tasks is particularly suitable for finishing parts such as lens mounts, watch cases, nozzles and similar items of diameter up to five inches.

The machine bed can accommodate one or two headstocks with one or two machine slides which can be cam-controlled cross slides, hydro-pneumatic plunge slides, hydraulic copying attachment or CNC slides. A tailstock can also be mounted giving 12 inches between centres on all combinations.

Slides move across the front of headstocks, giving operator access from the side or the front, and there is also a double-ended headstock allowing slides to operate across both ends so that simultaneous machining of both extremities of one workpiece can be carried out in a single chucking.

Capacities are 1.25 inches through the spindle, clamping jaws to 4.33 inches, collets and expanding mandrel to 5.51 inches. Workpiece rpm is steplessly adjustable to 5,000.

Horsman Brothers (Machine Tools), Dittons Road, Polegate, Sussex BN26 6NE (03212 5145).

● INSTRUMENTS

## Pollution analysers

A NEW company, Horiba Instruments, has been formed in Britain to part-manufacture and assemble, as well as sell and service, the range of automotive and air pollution analysers, water quality monitors, process analysers, and laboratory equipment manufactured by Horiba, Kyoto, Japan, a multinational concern whose worldwide sales last year exceeded £30m.

One of the first UK milestones has been the supply of a computer-based automotive emission analysis system to the Triumph Engineering Division of British Leyland at Coventry. Horiba automotive emission analysers have been supplied to Daimler-Benz in Germany and to Ford in the U.S.

Horiba Instruments is already assembling instruments and designing and manufacturing tailor-made systems at the Northampton works. Horiba Instruments, 5 Harrowden Road, Brackmills, Northampton NN4 0EB (0604 65171).

## Reveals gas in the melt

IN non-ferrous foundry work a problem that frequently arises before pouring is knowing whether or not the melt is satisfactorily degassed—if it is not, unsound, porous results will of course be obtained.

One method of finding out is to place a freshly poured sample into a low air-pressure environment and observe the surface formation as cooling occurs.

The test can be conveniently carried out with an equipment offered by Strathclyde Industrial Services which consists of a small pump and bell jar, crucible and tongs. The units have been designed to meet the exacting requirements of foundry work, being robust, easily operated and needing the minimum of maintenance.

The sample in the crucible is left to solidify under partial vacuum; in a very gassy sample, the exposed surface will swell up and show fissures, whereas a gas-free melt will produce a sample with a sunken surface rather like a cake that has failed to rise.

Quantitative data can be obtained by a subsequent density determination or the sample can be sectioned to show the porosity.

More from 259 Orbiston Street, Motherwell, Lanarkshire ML1 1QF (0698 53321).

● WELDING

## Removes the fumes

FIRST installation of its VAU Type S hinged arm extraction unit for welders is reported by Ventilation Jones of Princes Risborough.

The equipment is being used by Swifts of Scarborough, manufacturer of electrical cable trays. The company had previously tried a simple hinged arm overhead to support an extraction tube but because this had to be moved independently of the gun it tended to slow down the work.

New installation has "on the gun" extraction, both feed line and extraction hose being supported by the overhead hinged arm, the welding wire feed unit itself being mounted off the floor. Extraction however, is to the exterior of the building.

Installed cost is about two-thirds that of portable extraction, claims Ventilation Jones, and the addition to the heating costs due to heat loss in the extracted air only about one-tenth that of replacing filters in a portable unit. More from 13 Duke Street, Princes Risborough, Buckinghamshire HP17, 0AT (08444 5874).

● MATERIALS

## Aids suppression of noise

INDUSTRIES OF many types are becoming increasingly concerned about their responsibility for noise level reduction, both inside and outside their premises since the coming into force of the Health and Safety at Work Act, and with the growing militancy of environmental bodies.

Hedemora, Swedish manufacturer of anti-noise equipment has decided to launch out into the UK market and is offering its ranges through a newly-formed subsidiary of A. Johnson and Co. (London).

In the ranges are materials of very high sound absorbancy and transmission loss which can be used for screening-off noisy machinery: sound insulating cabins in various sizes and provided with ventilation or air conditioning: wall and roof units for such things as noisy extraction equipment: and complete sound-proof buildings for power plant and similar sources of noise.

The company is also offering silencers for blow-off steam, compressed air and exhaust gases and traffic noise screens to protect people dwelling near busy roads.

It operates from Villiers House, 41 Strand, London WC2N 5LE. 01-839 4321.

Meanwhile, the Federal German Railways have found a solution to the noise created when trains traverse steel bridges. It consists in laying a flexible polyurethane mat, capable of supporting extremely heavy loads, which is placed between the ballast and the steel structure itself.

This mat, developed by Elastogran (polyurethane group within BASF) prevents the transmission of much of the sound into the bridge structure itself. The method is proving extremely effective in underground railway tunnels, the mat suppressing vibration set up by trains passing over it and cutting out much of the subterranean rumbling that can cause annoyance to tenants of buildings above.

Mat material is extremely resistant to the effects of water and to the weather and will reduce the mechanical stress peaks that occur in hard surfaces, thus prolonging the life of the ballast bed.

Elastogran (UK) is at Unit 69, St. Mary's Mills, Evelyn Drive, Leicester, LE3 2BU. 0533 825339. The mats are being produced in Germany by Getzner Chemie, Haupstrasse 18, A-6700, Bludenz-Buers.



● COMPUTING

## Keeping a tight hold on spares

ORIGINALLY designed to make stock control, customer credit and sales prospecting functions more efficient within BMW motor car dealerships, an extensively developed computer package is to be launched for application within dealers of all automotive equipment from January 1.

T.K.M. Business Systems, part of T.K.M. Group, has been formed to market the system—named Disc—to all types of automotive businesses distributing products ranging from commercial vehicles to motor cars, as well as construction, motor cycle and agricultural equipment dealers, where it believed that up to a 60 per cent saving can be gained, particularly in spares and stock control departments which still rely on manual methods. It will also be marketed for other applications where similar stock control problems exist, such as for the pharmaceutical and grocery industries.

Available on a rental-only basis — with the inherent advantage that it can be continually updated by T.K.M. Business Systems without cost to the customer—the system comes with associated hardware exclusively from the company and for outright purchase. This comprises a processor with two double-density drives, a visual display unit, and a 60 character per second printer.

T.K.M. says that while efficient in the showroom, many motor dealers are shocked when they realise the invisible losses hitting them behind the counter. The company claims that there is an inherent 15 per cent error rate using manual stock control systems—still the principal method employed in the motor industry.

T.K.M. is at 361 Chiswick High Road, London W4 4HS. 01 994 8597.

## Coatings will cut corrosion

CORROSION in car bodies in transit, and in engineering equipment at sea, is a difficult problem area for which Cadulac Chemicals has an effective answer.

Combining the functions of a dewatering agent and corrosion inhibitor, two liquids, "X2668" and "X3625," can be applied direct to wet surfaces. They contain no sulphur compounds or silicones.

Cars in transit from manufacturer to distributor are commonly shielded by a protective wax. Application of the wax to the car body after it has been through "weather tests" can trap water in crevices, where corrosion is initiated. Cars can be stored for months in this condition. Removal of this wax at the distributor's premises is a relatively lengthly manual operation, using quite powerful solvents, which could aggravate corrosion in areas already attacked.

Cadulac soft firm transit coating, X2668, will penetrate all areas, even micro-crevices a few millionths of an inch wide, and dewater them thoroughly. The soft film then provides protection for nine months or more. Removal of X2668 is effected by a simple mild detergent wash. A thixotropic version of X2668 is available to prevent wastage during application.

Sea-going machinery — particularly on North Sea oil rigs —is commonly protected by a thick soft wax which has a low capillary action—rather like gear oil. As well as trapping pockets of corrosion agents—like sea water—in crevices, it is difficult to remove for plant maintenance purposes. It takes both steam cleaning and a solvent to remove it.

Strong capillary action and effective dewatering, plus protection for nine months or more, are the claims made for "X3625." This only needs a detergent solution or mild solvent to remove it.

These liquids are petroleum derivatives containing alphatic hydrocarbons and animal waxes.

Under development are longer-term coating liquids combining waxes and mineral oils. One area of application is a replacement Cadulac coating for bitumen-based automotive underside sealants. Many of the bitumen sealants contain asbestos fibre reinforcement which has been legislated against in the U.S., West Germany and Scandinavia.

Cadulac Chemicals, Old Boston Trading Estate, Haydock, St. Helens, Lancs. Ashton-in-Makerfield 75311.

● ELECTRONICS

## Reproducing the right colour

PRECISE specifications for colour reproductions can be given by means of two electronic cathode ray tube (CRT) devices designed by the research department of Toppan Printing Company of Tokyo, Japan.

Electronic colour scanning today accounts for over a quarter of the industrialised world's colour reproductions, and by the early 1980s is confidently expected to handle about half the world reproduction market.

This Japanese equipment is now being marketed and serviced in Europe through the Chromos Organisation of Zurich, Switzerland, specialists in precision equipment for the graphic arts industries. First units of the Toppan Image Conductors outside Japan have been installed in a major gravure quality printing plant in Switzerland. Other units have been sold to Scandinavia and the Netherlands.

The Toppan ST-525 Image Conductor is a CRT unit which accepts colour transparency or reflection copy and displays it on a screen. The operator adjusts colour balance and masking as well as desired colour corrections by means of turn-button settings until the required colour reproduction simulation is achieved.

The set data is stored and can be fed directly into the electronic digital colour scanner or computer-stored to be called up by the scanner when required.

The colour scanner is available for continuous working as settings can be prepared outside the machine and do not take away valuable production time. Considerable scanner productivity increases are obtained.

Chromos AG, Luisenstrasse 7, CH-8031, Zurich, Switzerland.

# MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

# Cementing a constructive Dutch relationship

BY MICHAEL CASSELL

SINCE THE 1973 oil crisis many sectors of European industry have overcome the problems of sluggish home demand by rapidly expanding overseas. This is particularly true of construction, telecommunications, process plant and power generation, where there are giant orders for capital plant.

But as the size of these projects has grown, notably in the Middle East, so the number of companies with the resources to build them has grown fewer. For all but the largest, one solution has been to form consortia. The other has been to grow, by acquisition or merger, and so compete with the very biggest in the world.

It was the latter strategy that brought two sizeable Dutch companies together at the end of last year to become Europe's seventh largest construction concern.

JUST BEFORE Christmas, Stevin of Utrecht merged with Adriaan Volker of Rotterdam to become the largest construction group in the Netherlands.

The marriage establishes a world-wide group with 22,000 employees and sales of £700m which now ranks alongside the giants of European civil engineering like Hochtief, Holzmann and Wimpey, and which in 1978 will have recorded profits of around £20m.

The merger may well point the way for companies in other European countries — its equivalent in the UK, for example, would be for Costain and Cementation to join forces. In the UK, as elsewhere, most contractors still maintain a long-standing dislike for any form of collaboration on projects, or at least take part with great reluctance. But more and more are coming to realise that a future on their own could mean a much harder fight for work.

The adventurous agreement bringing Volker and Stevin together represented the logical solution to a problem which now faces most of their competitors in Europe, the winning of work in an international market-place which is becoming steadily more difficult.

Joop van Ouwerkerk—we could have ended up being no more than a sub-contractor.

Jan van Driest—we are now much better placed for international growth.

Because Dutch law dictates that one company's intentions towards another must be immediately and fully posted, the largest construction industry courtship in recent years has been an open affair.

It arose in response to the growing conviction by both partners that, despite their existing strength and size, radical action was necessary to secure a sound future.

Their belief—and it is one shared by most major civil engineers in Europe—is that with limited growth prospects continuing in domestic markets their future must lie more and more overseas. Only those organisations with the best and biggest financial, technical, research and manpower resources, it is felt, will in future stand to win a worthwhile share of the foreign work available.

Neither company believes that before merger talks began in earnest in June 1978, it had actually failed to win business because of its lack of resources but growth in turnover was slowing and they were convinced that such an event would not be very far off unless, by merger or acquisition, they grew.

In many respects, the two partners were ideally suited and their commercial love-match may well have proved far easier than for any who may be tempted to follow in their foot-steps.

Stevin, with world-wide interests in dredging and reclamation, civil engineering, pipeline work, housing and roads, has offered a broader base of activities and wider international coverage than Volker, whose primary interests have centred on dredging and civils contracts. Pipeline and general building work has, however, complemented its other operations.

Though Stevin represented the more dominant partner, with turnover up beyond £400m against Volker's £300m, it was Volker which appeared stronger when it came to finance and its healthy reserves represented an attractive and important dowry.

For many years both companies were largely preoccupied with domestic contracts associated with Holland's sea-defence programme and its own post-war development. They have only relatively recently emerged as major international names in the civil engineering world.

Domestic work still accounts for around 40 per cent of the new group's total turnover but it is to markets like the Middle and Far East, the U.S. and South America that it now looks for a growing proportion of its work.

Volker-Stevin claims to have the largest and one of the most modern dredging fleets in the world and pins much of its future on success in this area.

Before the merger plan arose, Stevin had committed itself to spending around £45m on a single piece of equipment, the world's first walking dredger. It will enable the new group to tender for port construction work along coastlines which until now have been inaccessible to conventional dredging equipment.

The group believes that this scale of investment will in future be vital if it is to secure its fair share of international contracts and that, as a result of the merger, it will also be easier to contemplate such levels of expenditure. Between them, Volker and Stevin have until now been spending around £4m a year on research and development and this figure is now expected to rise.

While the group sees substantial business in the U.S. civil engineering and dredging markets and growth in regions like Mexico and the Far East, it can hardly disguise its excitement at prospects in China, now fast emerging as a potentially major customer for construction specialists.

## Chinese hopes

Volker-Stevin is already in receipt of a letter of intent which will make them consortium participants in Chinese dredging contracts worth hundreds of millions of pounds. A large proportion of the group's resources are in future expected to be directed towards the Chinese market. The large headquarters building in Utrecht, which until now formed the Stevin base, is already being called "the China House" as it becomes transformed into the centre of operations for Chinese feasibility studies, design work and contracts.

Mr. Jan van den Driest, a Volker man who becomes chairman of the new group's Board of management, is clear about what brought the merger about and what happens next. "Both companies have succeeded in substantially increasing their foreign turnover but experience has shown that we are obliged to compete with internationally-oriented concerns, many of which are far larger and offer a wider range of services and whose operations cover a wider geographical area."

"Such companies are in many instances better equipped to offer large and complex projects in which design, execution and supervision are in one and the same hands. It is also becoming increasingly clear that successful tendering for projects like these depends upon the ability to offer assistance in the area of finance."

Laying pipes, just part of the turnkey packages which Volker-Stevin will offer.

A "pleasant" side-effect of the merger, according to Mr. van den Driest, was the dilution of the 40 per cent holding in Stevin by the Dutch industrialist Mr. Peter Heerema, a development which at one stage created considerable concern within the company.

Assurances were subsequently provided that the shareholding represented an investment and did not constitute the early stages of a bid for control, but even so the directors appear to be resting more comfortably in the knowledge that the merger has effectively halved Mr. Heerema's stake in the new group and left him with only 10 per cent of the shares with voting rights.

Mr. Joop van Ouwerkerk, a former Stevin man and now on the new group's Board of management, believes that neither Volker nor Stevin could alone fully meet the range of requirements now increasingly expected of them and that to be strong, international but medium sized contractors is no longer good enough.

"Overseas contracts are getting bigger and we could end up being nothing more than sub-contractors. We want to be main contractors in charge of our own jobs and it was no use waiting until we had evidence that we were losing out because of our size. That would have been too late."

With both companies having decided that growth was essential, the options for expansion were fully examined. One choice might have been an international merger involving a non-Dutch group, which almost certainly would have provided the wider global spread both required.

Neither, however, believed such a plan to be practical and both were aware of previous disasters involving cross-frontier mergers within Europe.

According to Mr. van den Driest, who has been involved in such schemes, they represent major managerial problems. "It is asking a great deal to merge mentalities and styles of working and to reconcile different legal systems. Rarely do such ventures work successfully.

"Another possibility was a straight takeover, something which we have both done in the past, but the more we thought the more we realised that we were right for each other. Both Volker and Steven have a long history of working together and our experiences have shown that our approach and outlook are the same. These considerations played a major role in the decision to amalgamate."

## Acquisitions

For the future, the group says it will attempt to grow from within as much as possible but it will expand by acquisition if the circumstances are right. The chances are that any such move will follow a period of joint venture working with the potential candidate, as was the case with Volker and Stevin.

Stevin's own growth record is already fairly remarkable. In 1968 the group did not exist. The dredging company, Van Hattum en Blankevoort was faced with a declining workload in Europe and, with an eye on wider markets, had by 1970 merged with two other Dutch companies a general contractor and marine piling business to form a £100m turnover group.

The name Stevin—taken from that of a famous 16th century Dutch engineer—was adopted and in 1972 the group acquired a pipeline company. The following year it merged with three other Dutch building and road construction companies and turnover of £200m rose to over £400m in the next four years.

For Volker, with roots going back to the middle of the last century, growth may not have been quite so dramatic but the company has in the past five years managed to internationalise its operations to the extent that, in 1977, nearly three quarters of its turnover lay outside Holland.

The new group, which has several UK operating subsidiaries involved in dredging, reclamation and general building works, now expects a 10-15 per cent rise in turnover in the first full year of operation and hopes for even faster expansion beyond 1979.

Says Mr. van den Driest: "By coming together we are now much better placed for international growth at a significantly higher rate than if we had remained apart. Volker Stevin has more know-how, more capacity and greater financial strength with which to compete throughout the world.

"What we have done may not be the answer for all contractors and, especially in Holland, the opportunities for such mergers are strictly limited. But we are convinced that our decision will enable us to contemplate and to win work which until now was out of our reach."

Volker and Stevin have in one giant move transformed their prospects on the international civil engineering scene. It is a move which can only lead to even tougher competition for work in what is already a highly competitive market.

## Fears over managers' education

THE GROWING competition between European companies, universities, and specialised schools to offer management education programmes could lead to "academic inflation": a weakening of the tradition that such education and training will open the way to a senior management position.

This is one of the main conclusions of a new survey* of management education at universities, special schools and institutes in Belgium, France, Germany, the Netherlands, and the UK.

In spite of the authors' hope that this competition will actually lead to an improvement in the quality of management over the next decade, they are noticeably cautious about whether management education in a university environment can be successful.

For example, they argue that in Belgium "the present system of university-based management teaching is confronted with the rather serious obstacle that academics are not particularly interested in business matters, and excessive importance is attached to the transmission of knowledge compared to practical experience." This is why certain large companies have now set up their own management schools.

In common with the Netherlands, Belgium's specialised management education programmes are much younger than those in the other countries surveyed, according to the authors, so that many of today's managers have had only conventional education.

Among the specific points of interest in the brief, 20-page survey is that very many German middle-managers have only practical experience, and no academic qualification. This is particularly true in the commercial field, say the authors, in contrast with areas such as finance and control.

One of the most significant trends in France, they argue, is likely to be even harsher selection for entrance to the engineering or company administration "grandes ecoles"—the institutions which, together with the universities, have filled most French management posts for centuries.

*Management Education in Europe. Volume X, No 2, 1978. From Eurosurvey, 43/44 Albemarle Street, London W1X 3FE. Tel. 01-409 1361. Eurosurvey also has offices in Paris, Brussels, Amsterdam and Wiebaden.



# COMPANY NOTICES

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER REPRESENTING ORDINARY SHARES (FORMERLY "A" AND "B" ORDINARY SHARES) OF

PROVIDENT LIFE ASSOCIATION OF LONDON LIMITED

At an Extraordinary General Meeting of the Company held on 29th December, 1978 a Special Resolution was passed (which was sanctioned by the "B" Ordinary shareholders in their own separate meeting):

1. Enfranchising the "B" Ordinary Shares of the Company and creating a single class of Ordinary Shares; and
2. Capitalising reserves and approving a capitalisation issue of 255,000 new Ordinary Shares credited as fully paid to "A" Ordinary shareholders in the proportion of one new Ordinary Share for every ten "A" Ordinary Shares held on 8th December, 1978.

Dealings commence today in the new shares in the form of renounceable certificates, and in the single class of Ordinary Shares created by the abolition of the distinction between the former "A" and "B" Ordinary Shares.

In order to obtain the renounceable share certificates representing their allocation holders of "A" Ordinary Share Warrants should arrange to present coupon No. 168 relating to each of their Share Warrants together with a coupon lodgment form to the Company's Registrars—Barclays Bank (London and International) Limited, New Issues Department, P.O. Box 123, 2 London Wall Buildings, London Wall, London EC2P 2BU (from whom coupon lodgment forms can be obtained.

Forms and coupons must be lodged by an Authorised Depositary*.

The Company will not issue Share Warrants in respect of the new Ordinary Shares.

Holders of "A" and "B" Ordinary Share Warrants may arrange for their Authorised Depositary* to deposit their warrants and coupons with the Company at 246 Bishopsgate, London EC2M 4QP when they will be stamped with the brief details of the change in the capital of the Company.

*(Authorised Depositaries are listed in the current issue of the Bank of England's Notice EC1 and include banks and stockbrokers in, and solicitors practising in, the United Kingdom, the Channel Islands or the Isle of Man.)

C. ITOH & CO. LTD.

Depositary Receipts to Bearer issued by Hambros Bank Limited (One Depositary Share Unit comprising 10 Deposited Shares of 50 Yen each).

Hambros Bank Limited announce that Coupon No. 30 representing the dividend due on the underlying shares for the half year ended 30th September, 1978, may be presented for payment in the usual manner at their Stock Office Counter, 41, Bishopsgate, London EC2P 2AA, or at Banque Internationale a Luxembourg S.A., 2, Boulevard Royal, Luxembourg, on or after the 2nd January, 1979.

The amount payable is Yen 1.5 per share (15 Yen per Depositary Unit) less Japanese Withholding Tax as applicable.

Coupons presented to Hambros Bank Limited must be lodged by Authorised Depositaries in London, and unless accompanied by an Inland Revenue Affidavit of non-residence, UK Income Tax will be deducted at the rate of £0.18 in the £ on the gross amount of the dividend before deduction of Japanese Withholding Tax.

The semi Annual Report for six months ended 30th September 1978 is available at Hambros Bank Limited and Banque Internationale a Luxembourg.

2nd January, 1979.

KOMATSU FORKLIFT CO. LTD. (CDRs)

The undersigned announces that as from 8th January 1979 at Kas-Associatie N.V., Spuistraat 172 in Amsterdam, and at Banque Générale du Luxembourg, 14 Rue Aldringen in Luxembourg, div.cp.no. 5 accompanied by an "Affidavit" of the CDRs Komatsu Forklift Co. Ltd., repr. 1,000 shs., will be payable with US$15.39 net (div. per record-date 30.9.78; gross Yen 3.50 p.sh.) after deduction of 15% Japanese tax = Yen 525.- = US$2.62 per CDR.

Without an Affidavit 20% Jap. tax (= Yen 700.- = US$3.50) will be deducted.

After 30.4.79 the div. will only be paid under deduction of 20% Jap. tax with US$14.61 net, in accordance with the Japanese tax regulations.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, December 19th, 1978.

LOMBARD

# The truth about unemployment

BY SAMUEL BRITTAN

IT IS PART of political human nature for a Chancellor to gloat when unemployment turns out less than economic forecasters have predicted — although it takes Mr. Denis Healey to treat as a triumph an unemployment figure of nearly 1.4m, compared with just over 600,000 when he took office.

The missing side of the Chancellor's story is the reason why the unemployment forecasts have proved too alarmist. This has been summarised very clearly in a still unpublished paper entitled *A Survey of the Current Employment Situation* by Mr. Andrew Dean of the NIESR. The main error has been not in the output forecasts, but in the productivity ones.

Whereas in the 1970-71 recession 700,000 fewer people were employed, the maximum employment decline in the 1974-1976 recession was just over 340,000. Since early 1976 there has been a rise of 150,000 in the number of jobs—despite the slow and belated recovery in output itself. The National Institute itself reckons that employment would have been nearly 600,000 lower on the basis of past relationships with output. This would have implied an unemployment total of nearly 2m.

## Contrast

In contrast to the 1970-71 recession when productivity rose, it fell by about 3½ per cent between 1973 and 1975. It then rose at a snail's pace in the two years up to 1977. It is only in 1978 that productivity has had an apparently good year, rising by 4 or 5 per cent. But even this is much less impressive than it seems. For not only are we talking about a boom year, but about half the rise is due to North Sea Oil activity. It has not been remotely large enough to compensate for the shortfall of previous years.

I have been extremely careful to emphasise that the productivity slowdown explains the failure of the forecasts. To say that unemployment would have been 2m without the productivity setback would be a cheap political jibe; but it would also be at the level of much of the rubbish which passes today for serious economic assessment. The nature of the absurdity is revealed by Mr. Dean when he points out that over the whole period 1971-1978 total employment actually rose by 500,000. The labour force rose by 1.2m, thus "explaining" the 700,000 rise in the number of jobless. As Mr. Dean points out such calculations are "slightly absurd." They suggest for instance that if the labour force had been flat over the period, unemployment would now be only 200,000.

My only disagreement is with the word "slightly." Increased productivity or a larger working population need cause unemployment only on the absurd "lump of labour theory" (see Economic Viewpoint, December 14) which assumes that there is a fixed amount of work to be done. It is my New Year's resolution to slam this theory whenever it rears its hideous head.

## An LPC

The UK has not had any less unemployment than countries with much better productivity growth. It has simply become relatively poorer—to an extent now recognised in official documents by the designation of Britain as a Less Prosperous Country or LPC.

The lump of labour fallacy is at least honestly held. But there is another insidious fallacy known as "the balance of payments constraint," not all of whose adherents really believe it. This assumes that it is only the fear of a payments deficit which prevents governments expanding demand and reducing unemployment to the levels of 10 or 15 years ago. The absurdity of this is apparent on a world level, where there can not be such a thing as a payments deficit.

The reason why governments do not boost demand to the extent requested is the very understandable fear that this will simply cause an inflationary explosion, and that the real roots of high unemployment lie in the labour market. But because politicians and top civil servants will not admit this, the nonsense about the balance of payments constraint invades almost every official document.

I would recommend my readers to leave any meeting based on either of these two fallacies and consign to the wastepaper basket any studies based upon them, no matter how bogusly numerate the computer printouts appear to be. That way at least they will get some voluntary leisure.

# Why the British still go for Bordeaux

WINE

BY EDMUND PENNING-ROWSELL

IN BRITAIN burgundy has always been less popular than bordeaux; partly for historical and geographical reasons. It would be stretching the argument too far to say that we have drunk claret because English kings ruled over Bordeaux for the 300 years that ended in 1453. The much more likely cause of the preference for bordeaux lies in the ease of maritime transport between Bordeaux and the English ports now as then, compared with the much more complicated export route from Burgundy, including passage down the Seine and shipment from Rouen. It was Burgundy's accessibility to Paris that until the 18th century led to burgundy rather than bordeaux being drunk there and at the French Court.

Here, it seems, if the Christie wine auction catalogues from 1766 onwards reflect drinking habits, very little burgundy of class was drunk until quite recently; and what there was largely consisted of "village" wines such as Beaune, Pommard, Vosne-Romanée, etc. Even between the two world wars little single-vineyard wine was imported, though "names" like Chambertin, Clos Vougeot and Montrachet would decorate some merchants' lists. Firms such as Averys of Bristol and Berry Brothers, which carried fairly extensive ranges of red burgundy, were very much the exception. Single-vineyard whites were almost rarer than reds, although wines labelled plain Chablis had wide circulation. Indeed for many wine drinkers white burgundy *was* Chablis.

Although red burgundy in particular has always had its devotees here, they have tended to be faced with the suggestion that they are less interesting than the more "intellectual" fine clarets, and anyhow are of doubtful authenticity—which at least at the Nuits St. Georges level they have probably often not been. It is fair, however, to claim that red burgundy is generally easier to drink than claret, which is more tannic in its early years and takes longer to mature. Burgundy also develops more evenly.

Why, then, has it enjoyed less favour than its rival in Britain? First, because, omitting beaujolais, there is much less of it, and secondly it has tended to be more expensive; and white burgundy has always been notably dearer than dry white bordeaux.

The heart of Burgundy is the Côte d'Or, embracing the two "slopes" of Beaune and Nuits; and together they produce far less wine than the higher appellations of Bordeaux. For example in the fairly prolific vintage of 1976, 400,000 hl was produced in the Médoc alone, plus about a further 200,000 hl from the superior estates of the Graves, St. Emilion and Pomerol. In comparison the total Côte d'Or red wine crop was only 233,000 hl, of which a quarter derived from the five larger communes of Beaune, Savigny, Pommard, Santenay and Nuits St. Georges. Such leading single vineyards as Chambertin and Bonnes Mares each produced about 460 hl and the biggest, Clos Vougeot, only 1,600 hl, whereas the four growers in the most exclusive vineyard of all, Richebourg, made just 250 hl. Yet over in Bordeaux the single estate of Gruaud Larose produced 3,000 hl entitled to the St. Julien appellation. In 1976 the 11 classed-growths of that commune alone made about 22,000 hl.

The price of fine burgundy is affected basically by three factors. First, there are fewer successful vintages than in Bordeaux. In the present decade only two very fine red burgundy vintages can be named: 1961 and 1976. Whether 1978 will be added remains to be seen, but possibly not. Of the pair the '71 was exceptionally small and part was spoilt by hail. In the second rank were '70 and '72, while '73, '74, and '75 were moderate to poor. Bordeaux, however, can claim '70, '75 and '76, with the first and last exceptionally prolific; and '71 and possibly '78 in the second division. White burgundy has done rather better, as '73 was very fine, and some of the '75s were good; but only 20 per cent of the Côte d'Or crop is white.

Secondly, the yield per hectare is small in the Côte d'Or. While in the top half a dozen communes of the Haut-Médoc the maximum yield, subject to tasting, may be as high as 48 hl. per ha, in the leading sites of the two Côtes it is 35 hl. The largest vineyard owners in the Côte de Beaune are Bouchard Père et Fils, with 80 ha. In only three of the last eight vintages have they reached or exceeded this figure, and two of them were in '72 and '73. In 1978 the average was only 25 hl.

Then, there is the lively demand for limited supplies both from within France and from half a dozen countries, headed by the U.S. and Switzerland, which in volume and value take 90 per cent of burgundy exports, including beaujolais and chablis. We rank fourth, after the Benelux countries.

The result of uneven vintages and small yields means that in order to maintain their turnover the Côte d'Or growers have to offer their good vintages at prices that will tide them over the lean years. Recently, however, the additional factor of severe shortage of stock of back vintages, has enabled them to raise prices even in indifferent years like 1977.

Nevertheless one aspect of burgundy prices should not be overlooked. There is little of the investment/speculation in Burgundy that has always existed to some extent in Bordeaux and which at times has pushed up prices with inadequate regard for qaulity. The only real exception to this in the Côte d'Or are the Romanée-Conti domaine wines, which are not exactly under-priced. Otherwise although initially one may pay rather a stiff price for fine burgundy, thereafter its price will not rise so steadily—and sometimes unsteadily — like superior claret.

These facts may not offer much consolation to hard-pressed burgundy drinkers in this country, especially since the 1978 opening prices are something like double those of 1977. But they may serve to show that fine burgundy prices are not the result of a devilish conspiracy between rapacious growers and avaricious merchants in Beaune and elsewhere on the Côte. Hitherto at least prices have reflected demand for wines in short supply.

Whether private consumers everywhere will continue to accept the high prices of recent vintages not yet on the market remains to be seen. Nonetheless no serious wine drinker can afford completely to cut out fine burgundy, especially white burgundy that so excellently precedes fine claret. Ready alternatives are available further south in the Côte Chalonnaise—Mercurey, Givry, Rully and Montagny—and the superior "village" wines of Beaujolais. The best advice for those wishing at least to represent the unique Côte d'Or in their reserves is to buy early, when prices will be at their lowest, and choice of the limited supplies will be widest.

RACING — BY DOMINIC WIGAN

# Centuries-old sport of kings

WITH NO racing again today, and the prospect of the National Hunt season being caught in one of its bleakest spells for years, I hope to convince readers over the next two or three days that there can be few more appropriate sayings than "the sport of kings."

The following paragraphs trace the Crown's early associations with the Turf. The royal link with racing goes back as far as Richard II, who rode against the Earl of Arundel on the Heath. Somewhat later, the wife of Henry VI, Queen Margaret of Anjou, when living at Newmarket, gave £13 to the inhabitants whose stables had been burned down.

Henry VIII, although not interested in racing, was almost certainly the founder of the Royal Stud. Several statutes were passed in his reign to improve the horse and increase its numbers, and he employed agents to search the Continent for new strains.

He also received many gifts —often on request—of horses during his reign. One was of 25 prized horses from Charles II of Spain.

Edward VI's short reign saw a deterioration in the Royal Studs, mainly through mismanagement. In contrast, Elizabeth I was quick to see the advantages of restoring them.

A Neapolitan named Prospero d'Osma was commissioned by the Queen to conduct a survey of the studs, and the records of his investigation give a clear picture of the theories of breeding and management prevalent then.

It was only in the reign of James I that horse-racing, and hence concentrated breeding for performance in speed and stamina, became generally popular.

A legend is recorded in Hore's History of Newmarket that Spanish and Barbary horses swam to the Scottish shore from wrecked Armada ships, and, crossed with Scottish horses, brought about an infusion of new speed. Races with betting followed.

James I and his Scottish nobles soon made horse-racing popular in England—so much so that at one time Parliament sent a deputation to Newmarket, petitioning the King to concentrate more on matters of State than on hawking and racing.

Improvements in breeding in James I's reign were due mainly to the Duke of Buckingham.

Charles I continued the royal link with the Turf.

When Charles and Buckingham visited Madrid, Charles was presented by the Spanish king with two dozen horses from the most famous stud in Europe, at Cordova.

# TV Radio

† Indicates programme in black and white

## BBC 1

9.55 am Paddington. 10.00 Jackanory. 10.15 Why Don't You . . .? 10.40 Country Search. †11.00 Buck Rogers. 11.20 The Fantastic Journey. 12.10 pm Bugs Bunny. 12.20 The Happy Prince (cartoon). 12.45 News. 1.00 The Gold of El Dorado—The Exhibition at the Royal Academy. 1.40 Playboard. 1.55 "The Prince of Central Park," starring Ruth Gordon. 3.10 Interval. 3.15 Songs of Praise with The Salvation Army. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Winsome Witch. 4.25 Jackanory. 4.40 Screen Test. 5.05 John Craven's Newsround. 5.10 Grange Hill.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 The Osmonds (London and South-East only).
7.30 "Blue Fire Lady."
9.00 News.
9.25 Play For Today: "The Out of Town Boys," by Ron Hutchinson.
10.45 Tonight.
11.25 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—5.55-6.20 pm Wales Today. 7.00 Heddiw. 7.20 Pobol Y Cym. 7.50 It's Welsh Rock! 8.30-9.00 Happy Ever After. 11.25 News and Weather for Wales.

Scotland—5.55-6.00 pm News for Scotland. 6.00 Songs of Scotland Special. 6.50 The Quiet Newcomers looks at Glasgow's Chinese community. 7.20-7.30 Tom and Jerry (cartoons). 10.45 To the North of Katmandu. 11.35 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 7.00-7.30 As I Roved Out. 11.25 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 7.00-7.30 East (Norwich) The Nene Valley; Midlands (Birmingham) Nottingham Moving Picture Show; North (Leeds) Cook's Country; North East (Newcastle) Tuesday North; North West (Manchester) A Grand Sing with a choir; South (Southampton) Hey Look . . . That's Me!; South West (Plymouth) Peninsula; West (Bristol) Breakthrough.

## BBC 2

11.00 am Play School.
5.00 Open University.
†5.40 Charlie Chaplin in "Shanghaied."
6.10 News on 2 Headlines.
6.15 Mathematics Into Pictures.
7.15 Mid-Evening News.
7.20 The Great Egg Race.
7.55 The Master Game.
8.25 In Search of Offa.
9.00 Call My Bluff.
9.30 Cricket: Third Test. Australia v England (highlights).
10.00 George Hamilton IV and Friends.
10.50 Late News.
11.05 The Old Grey Whistle Test.
11.50 The Late Story.

## LONDON

9.30 am South West Australia. 9.45 Spiderman. 10.10 Survival. 11.05 Nobody's House. 11.30 Westway. 12.00 Issi Noho. 12.10 pm Stepping Stones. 12.30 A Ripe Old Age. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Time For Dancing. 2.30 Raffles. 3.30 Get The Picture. 4.20 Michael Bentine's Potty Time. 4.45 Magpie. 5.15 Donna's Disco Party.
5.45 News.
6.00 Thames At Six.
6.35 Crossroads.
7.00 Give Us A Clue.
7.30 Charlie's Angels.
8.30 Room Service.
9.00 Best Sellers.
10.00 News.
10.30 Best Sellers (continued).
11.15 Randy Newman.
12.15 am Close: Michael Burrell reads from the Diary of Nijinsky.

All IBA Regions as London except at the following times:—

### ANGLIA

9.30 am The Remarkable Rocket. 10.00 Wilkie on Water. 10.25 Take a Bow. 10.50 You Can Make It. 11.10 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.25 pm Anglia News. 2.00 Houseparty. 5.15 University Challenge. 6.00 About Anglia. 7.00 Bygones. 12.25 am So You're Lonely.

### ATV

9.45 am Friends of Man: Huskies. 10.15 The Adventures of Pinocchio. †10.30 The Golden Age of the Cinema: Harold Lloyd's World of Comedy. 1.20 pm ATV Newsdesk. 5.15 Mr. and Mrs. 6.00 ATV Today. 7.00 The Comedy Connection, starring Don Maclean. 12.15 am Something Different.

### BORDER

9.30 am The Undersea Adventures of Captain Nemo. 9.35 Lost Islands. 10.00 Wilkie on Water. 10.25 Take a Bow. 10.50 You Can Make It. 11.10 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 11.20 pm Border News. 2.00 Matinee: "55 Days At Peking," starring Charlton Heston and Ava Gardner. 5.15 University Challenge. 6.00 Lookaround Tuesday. 7.00 Mr. and Mrs. 12.15 am Border News Summary.

### CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 5.15 Mr. and Mrs. 6.00 Report at Six. 7.00 Treasure Hunt. 10.28 Channel Late News. 12.10 am Commentaires et Previsions Meteorologiques.

### GRAMPIAN

9.25 am First Thing. 9.30 The Lost Islands. 10.00 Wilkie on Water. 10.25 Take a Bow. 10.50 You Can Make It. 11.10 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Cartoon Time. 2.00 Feature film: "A Tree Grows in Brooklyn," starring Cliff Robertson. 3.45 Scotsport of the Year 1978. 5.15 Mr. and Mrs. 6.00 The Electric Theatre Show followed by Area Weather Forecast. 6.30 Cartoon Time. 12.15 am Reflections.

### HTV

9.35 am Beachcombers. 10.00 Wilkie on Water. 10.25 Take a Bow. 10.50 You Can Make It. 11.15 Lord Tramp. 11.40 Oscar. 11.55 Sweet Sugar Doughnut. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.15 Melotoons. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Country Comes West. 7.00 Three Little Words.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 Goglis. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

### GRANADA

9.30 am The Tuesday Matinee: "Dingaka!" starring Stanley Baker. 11.00 Flashback. 11.20 Nobody's House. 11.45 A Handful of Songs. 1.20 pm This Is Your Right. 3.25 Wait Till Your Father Gets Home. 3.50 You're Only Young Twice. 5.10 Max the 2,000-year-old Mouse. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Happy Days. 7.00 University Challenge.

### SCOTTISH

9.15 am Master of the World. 10.15 Treasures of Silverlake. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.00 Report. 1.24 pm Cartoon. 2.00 Man From Atlantis. 3.00 Love Christian. 3.40 Scotsport of the Year 1978. 5.15 Cartoon. 5.20 Crossroads. 6.00 Torndon—A Winter's Tale. 7.00 STV Comedy Playhouse. 11.15 Moira's Scottish Song Book. 12.15 am Late Call.

### SOUTHERN

9.30 am The Rovers. 10.00 Wilkie on Water. 10.25 Take a Bow. 10.50 You Can Make It. 11.10 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Southern News. 2.00 Houseparty. 5.15 Melotoons. 5.20 Crossroads. 6.00 Day By Day. 7.00 University Challenge. 12.15 am Southern News Extra.

### TYNE TEES

9.30 am The Good Word followed by North East News Headlines. 9.35 The Secret Lives of Waldo Kitty. 10.00 Wilkie on Water. 10.25 Take a Bow. 10.50 The Beatles. 11.10 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm North East News and Lookaround. 5.15 University Challenge. 6.00 Northern Life. 7.00 The Mary Tyler Moore Show. 12.15 am Epilogue.

### ULSTER

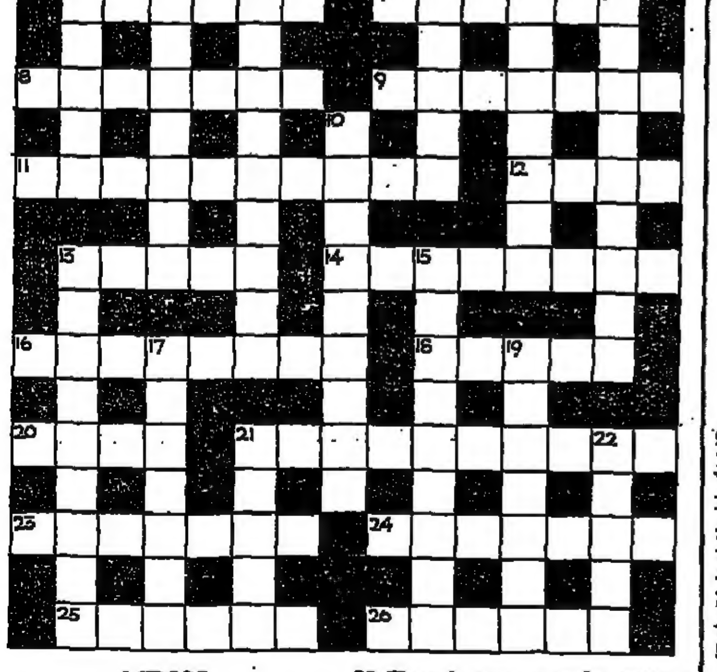
10.00 am Wilkie on Water. 10.25 Take a Bow. 10.50 You Can Make It. 11.10 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Lunchtime. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 The Best of Bernie. 11.15 Bedtime.

### WESTWARD

9.35 am On the Twelfth Day. 10.00 Wilkie on Water. 10.25 Take a Bow. 10.50 You Can Make It. 11.10 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Mr. and Mrs. 6.00 Westward Diary. 7.00 Treasure Hunt. 10.28 Westward Late News. 12.10 am Faith For Life. 12.15 West Country Weather and Shipping Forecast.

### YORKSHIRE

9.30 am "Bonnie Prince Charlie," starring David Niven, Margaret Leighton and Jack Hawkins. 11.25 Cartoon Time. 11.35 Tell Me Why. 1.20 pm Calendar News. 3.25 Calendar Tuesday. 3.50 The Entertainers, with Lindisfarne. 5.15 University Challenge. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 The Best of Barnie.



## F.T. CROSSWORD PUZZLE No. 3,860

ACROSS

1 Persuaded by company given the chop (6)
4 Citizen afflicted by long-term investment (6)
8 Salesman affected manner of restoration work (7)
9 House organ (7)
11 Dryad making alcohol (4, 6)
12 Provisionals annex north country (4)
13 Second grade social worker joins upper class African (5)
14 Small room that is forging familiar bond (5, 3)
16 Strive to get left in finish (8)
18 Point to sailor about to acquire weapon (5)
20 Foreign ruler discovered in some miraculous way (4)
21 Not even an audience creates a disturbance (5, 5)
23 Heavens! Depressed by colour? (3, 4)
24 Two animals standing for Britain (7)
25 Bit of pot found in jacket (6)
26 Hound appears to be getting a broken leg (6)

DOWN

1 Beliefs of Communist taken care of outside (5)
2 Pantomime about a boy joining racket (7)
3 Delight to give Peter a run-around (9)
5 Engineers' turn to respond (5)
6 Bloomer to make James dig for coal (7)
7 Story by local inhabitant about a Rolls-Royce (9)
10 Broke down when praised (7, 2)
13 Commission agent brings author (9)
15 Plant dryer fed by hopper? (4, 5)
17 Moral tale Pam initially cultivated (7)
19 Illicit way to sack member (7)
21 Way to utterly defeat Oriental (5)
22 Quiet individual was outstanding (5)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

## RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Peter Powell. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.00 Andy Peebles. 5.30 Newsbeat. 5.45 Kid Jensen. 7.30 As Radio 2. 10.02 John Peel (S). 12.00-2.04 am As Radio 2.

## RADIO 2

5.00 am News Summary. 5.02 David Allan (S) including 6.15 Pause for Thought. 7.32 Cricket: Third Test (report). 7.34 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 7.02 On the Third Beat. 7.30 Folk 79 presents The McCalmans (S). 8.02 Tuesday Night is Gala Night (S). 9.02 Ian Wallace presents Those Musical Years (S). 9.55 Sports Desk. 10.02 Laughter in the Air. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.02-2.04 am News Summary.

## RADIO 3

‡4.55-7.05 am Cricket: Third Test—Australia v England. 7.00 News. 7.05 Weather. 7.08 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Schumann (S). 10.00 Holiday Special (S). 10.20 Plainsong and the Rise of European Music (S). 11.20 Cello and Piano recital (S). 12.10 pm Mozart and Mahler concert, part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 Mozart and Mahler, part 2 (S). 2.25 Lindsay String Quartet (S). 3.20 Cardiff University Recital, part 1: Purcell, Schumann, Britten (S). 4.00 In Short (talk). 4.10 Cardiff Recital, part 2: McCabe, Schubert (S). 5.00 Music for the Viol, by anon, Simpson (S). 5.15 Jazz Today (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home: Ileana Cotrubas discusses her operatic roles (S). 7.30 Schubert and Webern concert: part 1 (S). 8.15 Lying (talk by John Sparrow). 8.40 Concert, part 2 (S). 9.40 The Prelude. 10.05 Czech Piano Music by Janacek (S). 10.50 Liszt, Bartok songs (S). 11.40 Mozart (S). 11.55-12.00 News.

## RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping forecast. 6.30 Today. Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News headlines. 7.45 Thought for the Day. 8.45 Granny's Village. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Local Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 Thirty-Minute Theatre (S). 11.30 Into the Hills. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.20 Desert Island Discs. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Parliament in Profile. 3.35 Afternoon Theatre (S). 4.30 Announcements. 4.35 Story Time: "1066 And All That," by W. C. Sellar. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 The 27-Year Itch (S). 7.00 News. 7.05 The Archers. 7.20 All Life's a Miracle: The role of religion in helping the sick. 8.00 The Boy and the Shadow: The story of J. M. Barrie and Peter Pan. 8.45 Scientifically Speaking. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 You've Got To Be Joking (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Unforgettables. 12.00 News.

## BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz—The best 1978 jazz records. 10.03 Late Night London. From 12.00 As Radio 2.

## London Broadcasting

5.00 am Morning Music. 6.00 AM: News, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

## Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Your Mother Wouldn't Like It. 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

# THE ARTS

**New York City Opera**

## Street Scene by ANDREW PORTER

Kurt Weill's "Broadway opera" *Street Scene* was first done on Broadway, in 1947, with the gleaming Met soprano Polyna Stoska in the dramatic-soprano role, and had a rund of 148 performances. The New York City Opera took it up in 1959, played it until 1966, and revived it this season—same set, by Paul Sybert, but a new production, by Jack O'Brien. It was the hit of the company's autumn season. The "book" is Elmer Rice's play *Street Scene;* the "lyrics" are by the black poet Langston Hughes, chosen because he wrote a simple, unaffected language.

The setting is outside a New York tenement, 1929 in the play, 1947 in the opera but in the new production shifted back to the period of the play and rightly, since the war has left no marks on the drama. The building is inhabited by families of many races: a Russian-Jewish family, a volatile Eyetie married to a comfortable Hausfrau, thick-skulled Swedes, feckless Irish, and hardshell Americans contemtous of all the foreigners. The portraits are carried just to the verge of caricature. In the opera, the play's terms of racial opprobrium—"kike," "wop"—are removed (on the American lyric stage, Ulrica is described as being of tainted "witches" blood), and a black janitor is added.

Through a series of numbers in widely contrasted genres—14 of them in the first act—a tragedy takes shape. It explodes in Act II, which is dominated by two big choral ensembles. Earlier, blues, songs, arias, trios, quartets, a boogie dance-and-song number alternate. The piece proves overwhelming. It is the product of Weill's hard thinking about what a modern, accessible American opera might be—as *Mahagonny* was an accessible German opera. It works not as pastiche but in ways that music-drama always has. Langston Hughes remarked perceptively that although the janitor's opening blues is composed in a specifically black-American national idiom, it is so composed that a German or anyone else could sing it without seeming out-of-place or

Alan Kays and Catherine Malfitano in "Street Scene."

The performance showed the company at strength. There are nearly 60 named solo roles in the cast, and almost without exception they were strongly and vividly played. Catherine Malfitano's Rose, a young lyric soprano role, was perfectly done. Alan Kays as Sam, the tenor lead, was lyrical and sensitive. Eileen Schauler was moving in the Stoska part, and William Chapman was cogent as her husband. The tightrope between powerful emotion and sentimentality was precisely trod. John Mauceri's pacing was precise, and the orchestra playing was first-rate.

At the end of 1980 Beverly Sills was scheduled to join Julius Rudel as codirector with him of the City Opera. But in a surprise announcement, we learned last month that Rudel has resigned as director from the end of the forthcoming spring season, and that Sills (who says she will have to cancel much of the cross-country round of farewells to her favourite heroines already announced) will take over then, sola. Rudel continues a sPrincipal Conductor; he wants to spend more time conducting, less in administration. He is in demand in Paris, in Vienna, and the recording studios. His recent Met debut, with *Werther*, was a great success. In September he takes over the Buffalo Philharmonic.

During his 22-year tenure at the City Opera, Rudel has built up an astonishing repertory, including 15 world premieres, all but two of them commission. (Leon Kirchner's *Lily* was the latest of them.) He gave whole seasons of American opera, and whole seasons of contemporary opera. He brought into regular repertory, among other things, Monteverdi's three operas, *The Fiery Angel*, *The Makropulos Affair*, *Anna Bolena*, *Maria Stuarda*, *Lucrezia Borgia*, *A Village Romeo and Juliet*, *The Turn of the Screw*. Sills, Malfitano, Frederica von Stade, Domingo, Carreras, Sherill Milnes, Richard Stilwell, and Donald Gramm are among the singers who came to prominence in his house. Next spring there is another commissioned premiere, Dominic Argento's *Miss Havisham's Fire* (based on *Great Expectations*).

I've occasionally had my grumbles about the level of City Opera execution: consistent, nightly polish is incompatible with an enormous repertory and with the decision to give many, many young singers a chance for a night or two, in rotating casts. And I've never been happy about the house, which is bigger than Covent Garden and was built for dance, apparently in a way to inhibit sounds made on the stage from carrying into the auditorium. But I've never been in doubt that the City Opera, not the Met, is New York's centre of lively operatic activity. Sills isn't talking about her plans yet—but she's let enough slip to show that she intends to keep it that way.

**Wigmore Hall**

## Pears & Perahia by NICHOLAS KENYON

With Schubert year being blown away in a gale of snow, *Winterreise* would have been the most appropriate choice for Peter Pears' recital with Murray Perahia on Saturday evening. But instead, these two magesterial artists had chosen to bathe us in the warmth of Schumann's songs: three groups, the Op. 39 *Liederkreis*, the five Op. 40 songs, and the *Sechs Gedichte* Op. 90. It was a marvellous choice, and a marvellous evening—except that *Liederkreis* should have come last, as its perfection is only hinted at by the later songs.

Pears and Perahia have grown ever closer together as musicians since their meeting at Aldeburgh: now their identity of purpose and insight is deeply moving. That Pears with his uniquely vibrant, ever-searching voice can penetrate the heart of a young man's exultant love is remarkable enough: that Perahia, with his quite different style of cool, clean-edged romanticism, can match this mood at the piano makes the partnership richly productive. One could argue with many details of Perahia's interpretation of Schumann's writing: the part-writing smudged, the rubato overdrawn, the phrasing questionable. But what a rare pleasure to have a real creative artist at work on these piano parts! An accompanist, moreover, not content with an approximate response to his singer, but aiming at (and almost always achieving) a knife-edge precision of movement.

As for Pears, it has all been said before. Without any justification, one fears that every recital may be the last—but I thought that a year ago, and two, and still his understanding of the music deepens and freshens. Every account of *Liederkreis* has something to wrench the heart: here it was not *Mondnacht* (Pears cannot quite float this line, nor push home the E sharps), nor *Frühlingsnacht* (in which Perahia slightly fudged his meditative, considered playing), but *Wehmut*—a slow tread of quavers drawn along with iron resolve yet infinite sadness by both performers, the essence of musical phrasing and understated emotion.

After this, the Op 40 songs sounded too often like sketches for echoes of *Liderkreis:* literally so in the winding twilight of *Muttertraum*. The extraordinarily dour inventions of Op 90 were projected with the utmost drama. Perhaps by the final Requiem for the poet Lenau one felt a little sated by emotion; Eric Sams finds this song sleek and false. An extreme view, but when in an encore Pears turned finally to Schubert, the clarity and openness of the music was a revelation—it sounded as if the musty cobwebs of Schumann's tortured visions had been blown away like the ending of the year.

### Gulbenkian UK Music Fellows 1979

The Calouste Gulbenkian Foundation has announced the recipients of its 1979 Music Fellowships: Marie Angel (soprano); Alicja Fiderkiewicz (piano); Peter Jeffes (tenor); and Neil Mackie (tenor).

The fellowship is worth £3,500 over three years. This award scheme is intended to enable young professional soloists to concentrate on the consolidation of technique and expansion of repertoire at a formative and critical stage of their career.

The scheme has been running since 1967 with a short break between 1971 and 1975. In the ten years that fellowships have been awarded 38 young musicians have benefited, some of them now established as leading soloists. The scheme is now being suspended while the foundation explores alternative schemes of assistance to musicians.

The Fellows will give a recital performance at the Wigmore Hall on Sunday, April 22 at 3 pm, further details of which will be announced later.

### Ballet for All

The Royal Opera House has announced that Ballet for All in its present from, under the aegis of the Opera House, will cease to operate on March 31. There are, however, plans for it to continue under new direction and an announcement will be made as soon as possible.

### Abse as president

The poet Dannie Abse has agreed to become president of The Poetry Society, in succession to Hugh MacDiarmid who died last year.

## Exhibition myths by ROY STRONG

"There's no business like show business." This old theatrical adage might well be applied these days to art exhibitions. The public hungers, fed by the media, as never before, for mind-boggling spectaculars. Brain-washed by cultural TV, social one-upmanship now extends to exhibition going. No, not intelligent exhibition-going but frenzied, sheep-like, exhibition-going. It is the world of the "Oh" and the "Ah," of the queue, of the "special" evening, of the coach party up from the country, of the glossy catalogue left on the coffee table or by the bedside in the guest room just to make the point. The mindlessness that all this can lead to is summed up for me by the MP's wife who, at a Pompeii exhibition evening viewing, said to me "Why don't you do exhibitions like this?" to which I nearly snapped back "Because we actually go in for exhibiting real things and not a mass of blown-up photographs and models."

It would be very difficult, particularly if you happen to smoke, to avoid being aware that the latest are blockbuster has just wheeled its way into town at the Royal Academy in the shape of *The Gold of El Dorado*. Well in excess of half a million pounds in transport, insurance, installation, publicity and staffing has been spent on this particular aesthetic jamboree. The same number of visitors as pounds are required for the sponsors to break even. Well, I hope they do. To be fair, it is a brilliantly presented exhibition, designed with all the care and sensitivity that one associates with the work of Alan Irvine.

It would also seem to have those magic ingredients essential to pull in even those visually illiterate from the neck up: death, sex and jewels. There's masses of the former. Burial urns by the cartload and, as you leave, a pretty good line-up of mummies, "smoke-dried" as the catalogue unattractively tells us. There is plenty of gold, stunning objects, often of extraordinary beauty and fascination, although possibly displayed with an erring on the side of good taste. For the public there is nothing like a bit of glitter. Admittedly the exhibition is a bit short on sex, although it is not every day that the great British public glimpses a golden penis cover.

Will it or will it not hit the jackpot? Seemingly it has everything going for it, although if I had to put my finger on the missing ingredient X it would be that all the shows up until now designed to attract mass hysteria have drawn on a preformed myth or cult within the structure of the average British psyche. *The Gold of El Dorado* does not, and this may indeed prove its fatal flaw. The last exhibition to set the applausometer rocking was *Fabergé* at the V and A in 1977, £9m worth of jewels, undoubtedly thin on sex but there was plenty of death with a major revolution and most of the patrons get shot.

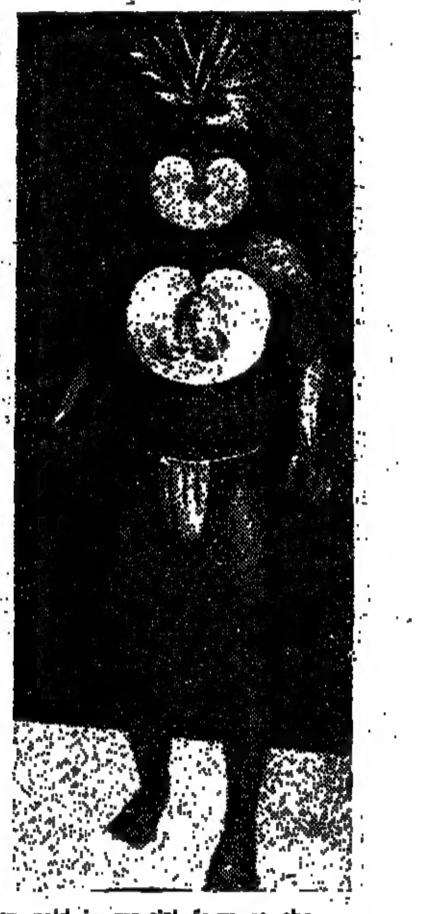
Fabergé was part of the fabric of the public's insatiability for anything to do with the last Czar and his family, an obsession which, in the form of the fate of Anastasia, has gone right through films, television and, rather more surprisingly, a three-act ballet. Pompeii was similarly rooted in a mass myth stemming from Bulwer Lytton's *The Last Days of Pompeii* and kept going by movie spectaculars from *Intolerance* onwards that depict the orgiastic goings-on of imperial Rome. With this in their minds it never occurred to the average visitor that all he was actually seeing was a rather indifferent collection of Roman provincial art dressed up with elaborate décor, carried by models and blown-up photographs.

*Tutunkhamun* was of the same type although the exhibits in this case were of the highest quality. It also drew on one of the great British myths, part of the fabric of one's earliest childhood memories, the legendary opening of the tomb by Howard Carter and Lord Caernarvon, the thrilling photographs as they penetrated chamber after chamber and, most chilling of all, the aftermath in the form of the curse of the mummy's tomb.

So compulsive are these myths that one can truthfully say that in extreme instances the fact that the exhibits are real or modern re-creations absolutely ceases to have a relevance. So powerful is the cult of Henry VIII and his wives, for example, that thousands queued outside the V and A for weeks in order to look at the not particularly well-researched, designed or re-created Tudor costumes made for the TV series.

After Robert Bolt's *A Man For All Seasons* no one could go wrong with Sir Thomas More at the National Portrait Gallery which also happened to be a good exhibition. A few years earlier the mysterious fate of the Princes in the Tower, Olivier's Richard III, and Josephine Tey's *Daughter of Time* made the Richard III exhibition at the same institution a cert. And the success of all those recent exhibitions of Victorian history painting at the Royal Academy and Manchester depended entirely on the images of childhood, of Cassell's illustrated History of England and that old classic, *Our Island's Story*.

The range of subjects which can tap this well spring is probably pretty small. It is interesting to note, however, that any spectacular that ignores it is almost without exception a disaster. Heading this list must come *1776*, at the National Maritime Museum, Greenwich, arguably the best researched and designed of these sponsored shows, but American history has little place in popular education, particularly as it is a story of our defeat. Those who misinterpret the balance of the ingredients can also go awry. Gold and silver alone, alas, are not sufficient as the British Museum found to its cost in its highly publicised *The Wealth of the Roman World*. Bearing all this in mind for those in art-show businesses the exhibition that would without doubt be the *succès fou* of 1979 would be the Duchess of Windsor's jewels.



What the public wants—the mould of a petrified guard dog from the "Pompeii exhibition and Colombian gold in martial form at the "El Drado" exhibition.

**Young Vic**

## Canterbury Tales by B. A. YOUNG

Phil Woods has dramatised five of Chaucer's immortal anecdotes, using partly an updated version of the original verse and partly some lightweight material of his own, or perhaps of the director Michael Bogdanov's, since he gets a half-credit for the adaptation. There is little mention of a pilgrimage; instead, we are said to be at the 60th anniversary of the Geoffrey Chaucer Storytelling Competition. Four of the five tales (the Knight's, the Reeve's, the Cook's, the Wife of Bath's) are the finalists. The Miller's is an extra put in to please the Miller, who has been hanging about all the evening telling dirty jokes.

The scene is enchanting. A wide tent covers the back stage (too seldom used these days); beneath it mince-pies and mulled wine are sold between the acts. Good wine needs no bush, but bushes like little Cyprus-trees decorate the stage. All the costumes hang up at the sides, the props lie ready to hand on two little tables. Paul Bannister is the designer.

The main action takes place on a ten-foot square in the middle of the open stage. Chaucer's tales are followed pretty closely, though a bit reduced in size. I am a push-over for Chaucer; he is the first person I want to meet in Heaven after Schubert has moved on to someone more important. But I'm afraid I hated this evening almost as soon as it began, suspending my hatred only for the short Cook's Tale, which is done as a pretty contrapuntal song for the whole company, to music by Andrew Branch and/or Chris Barnes.

I hated it because the entire thing is deliberately vulgarised. The earthy old verse is now recast in this style: "I tell of a Miller and his wife, also his daughter, a tasty crumpet, by the way this Miller played a trumpet." But what most infuriated me was the constant intrusion of bad smutty stories, told by Micky O'Donoghue as the Miller as if he were in a northern working-men's club, and emphasising in his chat that the dirtier they were, the funnier we should find them.

If the Young Vic, once my favourite London theatre, is to be turned into a working men's club, well and good. But I certainly can't recommend *Canterbury Tales* as a Christmas entertainment for the family. They may snigger happily at the smut, as many of them did when I was there, but they will come away with the idea that Chaucer was someone very different from the man he was.

# SPORT

**FOOTBALL** BY TREVOR BAILEY

## Brooking lifts West Ham hopes

THE 2—0 defeat by a much-improved Orient on Boxing Day came as an unexpected setback to West Ham's hopes of returning to the First Division after only one season in the tough wilderness of the Second, where half the clubs still have promotion dreams.

With such fierce competition at the top, the Hammers cannot afford to squander two home points if they are to achieve their New Year's wish.

Fortunately, it was a different story last Saturday, when they overwhelmed Blackburn Rovers by four clear goals; and if the final scoreline had read 8—0, it would have been a more accurate picture of their all-round superiority. Rovers, on this showing, appeared to be heading straight for the Third Division.

Apart from a brave display by their young and cruelly exposed goalkeeper, and the occasional brilliance of Metcalfe and Birchenhall, they had little to offer.

The return of the elegant Trevor Brooking and the no-nonsense Billy Bonds provided the Hammers with the artistry and drive they lack without this pair.

Although not completely fit after injury, Brooking destroyed the opposition with his dribbling, positional acumen and perfectly executed passes.

He floated through the game and passed defenders, dwarfing everyone else on the field to an extent rarely seen in professional football.

His ability to dribble with either foot and change direction, and the accuracy of his distribution, underlined why he is just about the best English midfield player, even if he lacks the explosive shot of the exciting Currie.

The less-sophisticated Bonds falls into a different category. His infectious enthusiasm compensates for certain technical limitations, and he makes an above-average club captain. He blended well with the young and promising Martin in the middle of the back row, which is probably his most effective position.

Over the years, West Ham built up a hard core of supporters prepared to follow them in the good and the bad days. This was reflected by a gate of nearly 30,000 on Boxing Day, the highest in the Second Division and bigger than most in the First.

In spite of the biting cold, another splendid crowd turned up to cheer on Saturday. They went home contented with the handsome victory, the way it was obtained and with more than a reasonable hope that if their team continues in this fashion promotion is a distinct possibility.

However, in spite of this optimistic outlook, I have certain reservations. The Hammers do not seem to be any better than they have been for the past few seasons, when waging a continual battle to avoid relegation—to which they succumbed at the end of last season.

They may bounce back immediately, but it is hard to see them making a serious impression in the First Division.

A well-run, pleasingly ethical and finacially stable club, their nursery has produced a remarkable number of outstanding players, coaches and managers. But their record in the First Division since those golden days in the mid-60s has been disappointing. It is difficult to understand why.

One of the many good features about West Ham teams in the league, the combination or the eastern counties is that when a player is moved up into another side, he may take time to adjust to the greater tempo but slots naturally into the basic tactics because he has been brought up on them.

As a result of his knowledge of what to do, especially off the ball, he is usually more valuable than a better player from another club.

Could this be the reason why West Ham have had such little success in the transfer market? Like every club, they have made some mistakes, but few can have made so many buys which have failed to come off.

It is just possible that the splendid coaching at Upton Park, which has produced Bobby Moore, Geoff Hurst, Martin Peters and Trevor Brooking, has made their club a shade too tactically predictable.

**TENNIS** BY JOHN BARRETT

## Connors is top of world tennis ladder

INTERNATIONAL TENNIS has become a perpeutal roundabout where even the years overlap. As 1978 intrudes upon 1979 with the latter stages of the Australian championships in Melbourne, the new season kicks off tomorrow with the exciting Braniff Airways World Doubles Championship at Olympia.

It is, therefore, time once again to reflect upon the performances of the principal actors in this never-ending drama, and my annual world rankings, based upon performances last year are (last year's in brackets):

Men. 1. Jimmy Connors (U.S.) (3); 2. Bjorn Borg (Sweden) (1); 3. Vitas Geruliatis (U.S.) (5); 4. John McEnroe (U.S.) (—); 5. Raul Ramirez (Mexico) (9); 6. Eddie Dibbs (U.S.) (10); 7. Brian Gottfried (U.S.) (4); 8. Corrado Barazzutti (Italy) (—); 9. Guillermo Vilas (Argentine) (2); 10. Harold Solomon (U.S.) (—).

Women. 1. Chris Evert (U.S.) (1); 2. Martina Navratilova (U.S.) (5); 3. Evonne Goolagong/Cawley (Australia) (—); 4. Virginia Wade (UK) (2); 5. Wendy Turnbull (Australia) (7); 6. Virginia Ruzici (Romania) (—); 7. Billie Jean King (U.S.) (3); 8 equal. Tracy Austin (U.S.) (—); and Pam Shriver (U.S.) (—); 10. Mima Jausovec (Yugoslavia) (9).

Seldom, if ever, has there been such a close run race at the head of both the men's and women's fields. To decide upon the relative claims of Borg and Connors among the men, and between Evert and Natratilova in the women's section, demanded a scrutinising of all available evidence — performances in the big championships, head to head meetings, results in lesser events and losses to other players.

I thought long and hard about counting results in the lucrative four-man "exhibition" tournaments, but rightly or wrongly discarded them—not because the results are false (there is enough money at stake to ensure honest effort) but because the pressure on performance is less.

What afantastic year young Borg has had—in spite of some niggling injuries. There were six tournament wins plus the 16-man Shakey's Tournament of Champions—a difficult one to place, this. He added a third French and a second Italian title to his list of trophies, but his greatest moment came in the Wimbledon final where he destroyed Connors and produced what was for me the greatest tennis of the year.

It was also a third consecutive title there for the blond Swede (can he still be only 22?) that equalled Fred Perry's triple in 1934, 35 and 36. But there were four losses and these too must be considered.

Connors, though he played less, was even more successful. His nine tournament wins included the U.S. Open, where he was revenged against Borg in the final, the U.S. clay and indoor titles and, most significantly, the U.S. pro indoor in Philadelphia in January.

As usual, Connors hardly lost. Apart from the Wimbledon final, there was a defeat by Hank Pfister in the second round of the Alan King classic in Los Vegas, and a first round loss to Jeff Borowiak in that same Shakey's tournament won by Borg.

If Borg reached a higher peak than Connors, he also sank lower at times, and with one major championship to each man, the decisive factor in placing him second to Connors, albeit narrowly, was the loss in the Colgate Masters final last January.

Miss Evert, who started the season late, had a 3—2 edge over Mis Navratilova who had ruled the early season in her absence. Miss Evert won seven of the 10 tournaments she contested including a record fourth consecutive U.S. Open.

She revenged her Wimbledon final loss against Miss Navratilova with a decisive victory in the Colgate Series play-offs. She lost only one other match, to Mrs. Cawley in her comeback tournament, and defaulted once with injury at Brighton.

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# Europe has a hiccough

THE FOUR power meeting between Britain, France, West Germany and the U.S. in Guadaloupe at the end of this week turns out to be more than ever well-timed. Originally it was planned to talk about strategy and world politics rather than economics. Yet, even there, events over the past few months have gone somewhat awry. Certainly they have proved less than foreseeable.

### *Postponement*

President Carter's seeming triumph at the Camp David summit on the Middle East has run into difficulties. The situation in Iran has deteriorated faster, and more chaotically, than most people would have predicted, while the outcome remains as uncertain as ever. There is still no agreement on a second strategic armaments limitation treaty between the U.S. and the Soviet Union, even though SALT I expired more than a year ago and the draft outlines of a successor were agreed in Vladivostok as long ago as 1974. At the same time, end U.S. has reached a new understanding with China, which again was not generally predicted when the Guadaloupe meeting was being arranged, and which could further complicate Soviet - American relations.

Yet all those issues are less important than they might sound. There is no reason to believe that the breakdown in the Camp David dialogue has yet become irreparable, nor has it ever been clear that the cohesion of the western alliance depends on the maintenance in power of the Shah of Iran. Equally, the U.S. and the alliance as a whole could survive very well without SALT II. The greater fear indeed must be not that there will be no new treaty, but that President Carter will concede too much.

East-West relations without a second treaty could be relatively tolerable. We would simply rely on the balance of power rather than on the artificial and sometimes unverifiable regulations that come with an official agreement. There could be worse recipes for the future than that.

The real problem arises as always, however, from disagreements within the western alliance itself. It is in that sense that the postponement of the European Monetary System, which should have gone into effect today, is a disappointment. It had seemed until last week not only that the final arrangements were about to be made, but that the establishment of the system on time was some kind of political act. It was, as it were, Europe—or a large part of the European Community—assuming its responsibilities. Nothing was more indicative of that than the close relationship between President Giscard d'Estaing of France and Chancellor Schmidt of West Germany, as well as the way that the weaker economies of Italy and Ireland in the end joined in.

The reasons for the postponement—and one trusts that it is no more than that—are not yet clear. Ostensibly the French are objecting to the management of the "green" currencies which compensate farmers for the fact that the Community has not yet achieved a common currency of its own. As an objection, it seems a bit thin in itself. It could, after all, have been thought of before, and there are already established channels through which such matters can be dealt with. Yet even if one takes the French objections at face value, the hiccough produced is comment enough on the state of the Community. If Europe cannot go ahead with a major political act because of the defects of its agricultural policy, there is something seriously wrong with the state of communications.

### *Silence*

It is, of course, possible, that EMS has been deferred for other reasons, and it is certainly true that it is better to postpone the first night than to go off at half-cock. The possible renewed weakness of the dollar is one example of the reasons why the French and German leaders should again wish to talk to President Carter before setting off into the unknown. If that is so, they have the opportunity in Guadaloupe. After next weekend, however, the markets at least will want to know what is going on at the summit level. In the past few weeks it had seemed that there was a certain amount of determination in Paris and Bonn. Now there is only silence.

# It could be October

IT HAS become a cliche that the one real certainty in British political life this year is that there will be a general election by November at the latest. Eleven months, however, is by no means a short time in politics—it is about one-fifth of the lifespan of a full-term Parliament—and the Government, despite its minority position, still has a certain amount of room for manoeuvre.

### *Reassessment*

The first key event on the political calendar is the referendums on the proposed Scottish and Welsh Assemblies on March 1. It seems unlikely now that anything will happen to prevent those referendums being held on schedule. That means that the Government does not have to think seriously about the timing of a general election until March at the earliest. But it also means that once the results of the referendums are known, there will have to be a political reassessment. For example, if the Scottish result alone goes in favour of an Assembly, the Government could offer the Scottish Nationalists a deal under which there would be early Assembly elections in return for the Government being kept in power for a few more months. The Nationalists, of course, would have to look closely at their own position, but the arithmetic is such that an arrangement between the Labour Party and the SNP would be enough to keep the Government in office.

As it happens, the month of March should be an appropriate time for reassessment, quite independently of the referendums. By then, the Government will know more about the progress of its pay policy, to which Mr. Callaghan, the Prime Minister, continues to attch such importance. It will have to be beginning to think of Phase V, or whatever the 1979-80 pay round is to be called, as well as of the Spring Budget. Even the outstanding by-elections might have taken place, giving perhaps a better indication of the political mood of the. the country than the opinion polls.

By March there might also have been developments on the external front of sufficient magnitude to shake any remaining Government confidence. Rhodesia is an obvious example. So, too, is a United Nations call for economic sanctions against South Africa if the present negotiations on the future of a further decline of the dollar, accelerated perhaps by events in Iran. It is not as if the Government can afford to confine itself to domestic problems.

None of that should be taken to mean, however, any more than that when it comes to March the Government will be compelled to look again at its own position. Nothing, after all, can bring it down except a defeat on a confidence motion in the House of Commons. As the last few years have shown, even a series of reverses on the Finance Bill do not constitute a matter for resignation. The Government merely accepts the amendments.

It is also worth noting that a Prime Minister who chose not to go to the country last October when he had perhaps an evens chance of winning is unlikely to go in April if the chances look no better. It is Mr. Callaghan's instinct to hang on, and certainly that seems to be his present mood.

### *Reform*

For Conservatives there may be something distasteful in the Government's clinging to office when its powers have become so limited, though one suspects that the objections are largely specious. There is nothing unconstitutional in minority government, and Mr. Callaghan is simply exploiting the British system. For others it is precisely the limits imposed on government power which make Mr. Callaghan's administration seem at least a lesser evil. Yet it would be a mistake to believe that the present situation of minority government will reproduce itself when the election comes. Such an outcome indeed is statistically improbable. Those who like limited government ought therefore to be thinking about constitutional reform. Those who do not ought to be concentrating on what a government with a clear majority—whether Labour or Tory—would do. About that there are still very many questions to be asked.

*The European Council in Brussels: unanimity on EMS and a transfer of resources*

# Europe on the threshold of a big step forward

By HELMUT SCHMIDT, Chancellor of the Federal Republic of Germany

I AM glad to address myself today directly to readers of the Financial Times. For one thing, this newspaper with its long tradition and worldwide readership for the first time is being printed in Frankfurt as well as London. I am happy about this because the Financial Times will provide our country with even more foreign economic news and analysis and, at the same time, it will supply more news about our own country and Continental Europe to its readers worldwide.

Secondly, my personal message to mark the start of the Financial Times from Frankfurt gives me the chance to discuss an outstanding political factor which will soon be with us, as soon as existing reservations have been lifted: the entry into force of the European Monetary System (EMS) adopted by the European Council in Brussels on December 5, 1978.

First of all, quite irrespective of how many countries can participate immediately, I consider it a major success for Europe that the nine members of the European Community have managed to arrive at a unanimous decision in the council on the EMS. They also agreed on a Community scheme for an increased transfer of resources to the less prosperous member states, which will be available to those fully joining the monetary system.

I do not deny that the success we have achieved at the end of intensive efforts is a qualified one because not all nine member countries wish to join the EMS at once. But it remains open to all those who adopted it by joint decision. Neither do I deny that further joint efforts by the Nine are needed to remove the reservations of our French friends concerning the financing of agriculture.

I am convinced that in the interests of Europe, the full participation of all members in the EMS must not take as long as did the accession of the UK, Ireland and Denmark to the European Community. The elements of degeneration in the Common Market apparent since the collapse of the Bretton Woods system have, for me, been a very strong political motive for establishment of the EMS. They would continue to affect at least part of the European Community if the full participation of all member countries were not achieved in the foreseeable future. In the long run this could endanger Europe's political cohesion as well.

The common market of the European Community members requires two crucial elements in particular to build the confidence needed for entrepreneurial decisions. They are more stable exchange rates between the member states, and economic policies aimed at achieving monetary stability. Since 1973 — the final collapse of the Bretton Woods system— these elements have been greatly eroded. The result is that trade within the Community has been expanding more slowly than in the rest of the world. Before 1973 the opposite was true. It would be an illusion to believe that we could simply return to the Bretton Woods system. Experience has shown that there is no way back. But we hope that in establishing the EMS we shall set a course which takes account of the many elements of interaction and interdependence within the European Community. In the European Council on December 5, 1978, we expressed our determination "to ensure the lasting success of the EMS by policies conducive to greater stability at home and abroad for both deficit and surplus countries." Thus we spelt out in terms of Community policy what was acknowledged at the 1977 London economic summit — that "inflation does not reduce unemployment, on the contrary it is one of its major causes."

In the unanimous view of the Council, the EMS not only will need national economic, fiscal and monetary policies to be aimed at achieving greater stability at home and abroad. It will also help participating Governments in their efforts to reach that goal. True, this means that the EMS will limit the scope for action of Governments—and that includes my Government—but it will not reduce it to nothing. I wish to emphasise this in reply to all those sceptics who fear that the EMS might prevent Governments or central banks of the member countries from doing what they must, in any case, do in the interest of their peoples —and what they also, according to the Council's declaration, intend to do.

Helmut Schmidt

The desire of the Community's less prosperous members for an increased transfer of resources played a role both in the negotiations and in the decision to set up the EMS. Accordingly, the European Council drew the necessary political conclusions and took unanimous decisions on both issues. The transfer of resources from the more prosperous to the less prosperous members of the Community has long been an instrument of Community policy through which we are trying to achieve more convergence of economic development and a reduction of structural disparities. The public debate before and after the European Council in Brussels has unfortunately encouraged the erroneous view that the transfer of resources within the Community through Community instruments is not merely a means to an end, but an end in itself.

In my opinion the citizens of Europe are not doing themselves any good with this kind of thinking, nor does it help promote the cohesion of the Community. As a means to an end the transfer of resources is important and will undoubtedly be with us for years to come. It must of course fit in with Community policies. But if we consider the transfer of resources as an end in itself, we are hindering rather than enhancing the growing awareness within the Community that we have interests in common.

It stands to reason that the European Community needs the solidarity of its members. This solidarity is clearly reflected in the decisions adopted by the council on December 5, both on the structure and working of the EMS and on the Community's offer to the less prosperous member states that, on joining the system fully, additional resources will be available. But in my view, it is just as important for the members of the Community to show solidarity in their readiness to gear economic, financial and monetary policies to the achievement of greater monetary stability. The European Council has, in connection with the EMS, expressly committed itself to precisely that.

The decisions of the European Council, the result of joint efforts, do not allow the member states simply to rest on their laurels. On the contrary, they are a daily challenge for all those in positions of responsibility. In taking up this challenge we are serving not just the citizens in the nine member countries, but also the very cohesion of the Community and, indeed, the interests of our partners throughout the world.

That is something which so far has not been understood everywhere. I therefore want to add quite clearly that the establishment of the EMS with its instruments and monetary solidarity will not affect at all the European Community's continued commitment to free world trade and to the principle of open markets. There is not a single element in the EMS to justify the suspicion that the European Community is seeking to isolate itself in trade and monetary policy. On the contrary, we have a chance to ensure within this zone of greater monetary stability a smooth development of prices, costs, exchange rates, investment, employment and markets so that far less pressure for protectionism will build up. We cannot expect to feel these benefits right away in 1979. But without the EMS there would be much more cause for concern about the continued existence of the Common Market and its outward-looking policy.

Many concerns, especially the big ones, have been able to cope with monetary disturbance both inside and outside Europe in a manner which, in the early 1970s, would not have been thought possible. But the Common Market is in no way a market for big companies alone—nor should it become one. Medium sized and small enterprises play an outstanding role in the economies of all member states. For it is precisely this kind of enterprise which produces the bold and creative entrepreneurs who are so essential to our western economic system.

We cannot remain indifferent to the difficulties of these small and medium-sized businesses in coping with the incalculable risks caused by exchange rate turbulence. Many of these entrepreneurs oriented their business to community markets at a time of fixed exchange rates. In my view EMS will provide us with a good opportunity to give to them the conditions in which they will be able to calculate and plan more reliably—and hence give a new incentive to their spirit of enterprise. In the medium term this must benefit working people and consumers as well.

# MEN AND MATTERS

## Dreaming of an undisaster

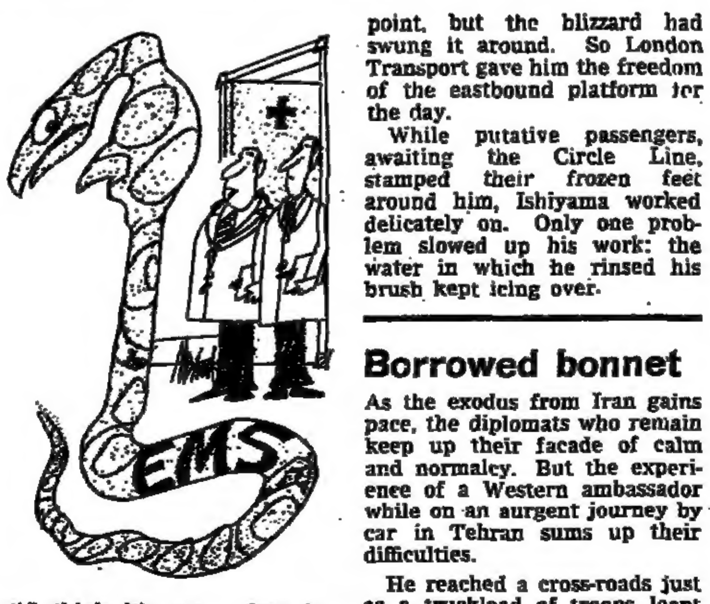
While the rest of the world was seeing out 1978, John Goodman, a London printer, was busying himself with planning the celebrations for the year 2,000). This activity has in fact, occupied him for the last 15 years.

As founder of WACY 2000—the World Association for Celebrating Year 2000—Goodman has had some success in persuading 200 towns, mostly in the U.S. and Australia, that the new millenium will be worth seeing in style. So far only 17 municipalities in more cautious Britain agree with him: "This country does not rush headlong into things," he says resignedly.

Before new postal rates for printed matter made his activities prohibitively expensive, he wrote to mayors of thousands of towns all over the world—suggesting, *inter alia*, a seven-mile-square complex of artificial islands somewhere in the Atlantic on which the celebrations could be based: "I've been told you can inject gas into concrete to make it nice and light," he tells me.

Trade fairs figure high among Goodman's programme for ushering in 2000 AD. "The thought at the back of it is that we have had so many terrible assessments of what may lie ahead, that mankind hs got to the point where it has got to think of the undisasters. Celebrating 2000 would be an enormous pleasurable undisaster."

Some at least of the participants—such as the mayor of Wagga Wagga, who is president of the celebrations in Australia —are no doubt still ready and willing. But it is just as well that 2000 is still some way off. Goodman says he has not been able to keep in contact with everyone, and some changes in organisation may be necessary. The mayor of Valparaiso in Chile, for example, was president for his country—but he was recruited before Allende was ousted. "I just hope he's still around," says Goodman.




"I think it's got a frog in its throat."

## Angular art

Counter - balanced gantry cranes—those gaunt giants that hover over building sites—may just symbolise functional efficiency to most of us. But to Japanese artist Nozumu Ishiyama they are pure poetry; cherry blossoms are not for him. That is why Ishiyama spent his New Year's Day on a sub-zero open platform at Kensington High Street, painting in watercolours a crane rearing up from an adjacent building site.

"Very beautiful against the sky today," Ishiyama assured me, holding a paintbrush in his mittened hand. It was all art to him, including the message on the crane's orange arm: Trollope and Colls. I learnt that he had started to paint the crane from another vantage point, but the blizzard had swung it around. So London Transport gave him the freedom of the eastbound platform for the day.

While putative passengers, awaiting the Circle Line, stamped their frozen feet around him, Ishiyama worked delicately on. Only one problem slowed up his work: the water in which he rinsed his brush kept icing over.

## Borrowed bonnet

As the exodus from Iran gains pace, the diplomats who remain keep up their facade of calm and normalcy. But the experience of a Western ambassador while on an aurgent journey by car in Tehran sums up their difficulties.

He reached a cross-roads just as a truckload of troops leapt into action against anti-Shah rioters n a side street. The car was stopped and a trooper used the bonnet to steady his aim while firing into the crowd. Just as the car was being allowed to go on, the soldier fired another volley into the air—"perhaps as a gesture of thanks," says the ambassador.

## Measured words

The French Government's campaign against drunken driving has evoked a splendidly public-spirited response from Pernod-Ricard. Official-looking posters supplied by the company are appearing in roadside cafes all round the country. Entitled "Don't Fail the Breath Test," these say that a driver may confidently down an aniseed aperitif, half a bottle of vintage wine, and an after-dinner liqueur for the road—then still pass with flying colours of the right kind.

Only the small print admits that such consumption figures are "guidelines," and that there may be a 25 per cent variation, according to the individual: that would be enough to place some not-so-average drinkers in the wrong part of the legal spectrum.

## Travel tip

Off for a few days holiday in Paris, I travelled, quite coincidentally, on the Friday night train from Victoria known familiarly as the Au Pairs' Special.

I suffered a supremely uncomfortable journey, lucky even to have a place to sit down. But the journey home was easier. I was joined in my compartment by a young man who, until the train pulled out, kept his face turned to the corridor window, as if looking for someone among the horde passing by. Not one even tried to open the door. As the train pulled out, I remarked on the empty compartment. "Yes," said the young man pulling down the blinds and settling himself across four seats. "Would you go into a compartment with someone grinning and beckoning to you like a lunatic?"

## Hot property

Authors are notorious complainers about the merciless behaviour of publishers. A new book, celebrating the 60th anniversary of the London literary agency, John Farquharbarson, puts the other side. It describes the harassment publishers can suffer from their writers.

The late Michael Joseph, one of the wittiest men ever to grace the book business, was telephoned repeatedly by an author who complained that his masterpiece was being treated in cavalier style by the firm's readers. Joseph decided to take the script home and read it. Next morning a furious telegram arrived from the author: "Must have immediate decision as other irons in fire." Joseph sent a telegram straight back: "Suggest you extract irons and insert typescript."

هكذا من الأصل



THE FINANCIAL TIMES FRANKFURT VENTURE

BY DAVID PALMER

# Why the FT is printing in Europe

THIS IS an historic issue of the Financial Times. Last night, as the printing presses rolled in the FT's head office at Bracken House in the City of London, another set of presses were producing a separate newspaper in Frankfurt, West Germany.

If you are a reader in London, today's newspaper will look the same as the one you received last week. But if you are a reader in many parts of Western Europe or in the United States, today's issue is different. You are reading the first issue of the paper to be printed on the presses of Frankfurt Societaets-Druckerei.

What are the differences? The most important is that—snow and ice permitting—the Frankfurt paper will have reached its readers much earlier. In major business centres in Germany, Belgium, Holland and Switzerland, the FT should today have been on newstands before people set out for work. In New York, the paper will be on sale at 9.30 this morning local time.

Over the next three months, the distribution of the Frankfurt-produced paper will gradually be extended to other major markets, including France, Canada and Spain. In the U.S., several major business centres, including Los Angeles and Chicago, will be selling the FT ahead of the close of business on the day of publication.

## Causes of delay

All this is made possible by publication in Frankfurt. The Financial Times is using modern technology to cross the English Channel. Until today, all copies of the paper sold anywhere in the world were printed in London. They were subject to multiple causes of delay, the most important of which were the high incidence of fog in both Britain and the Continent of Europe, and ever-widening night flying restrictions.

For the bulk of our European readers, the FT is now being delivered by road instead of by air. Business centres within 400 miles of Frankfurt will receive the FT at the time our readers have said they most want it—that is, at the beginning of the working day.

Our delivery system to the United States will in future usually be handled by a Lufthansa 747 jet that takes off from Frankfurt at 4.00 am and reaches New York's Kennedy Airport at 6.35 am local time. Until now, the earliest that our New York readers could buy the FT was 4.00 pm in the afternoon. As often as not, they had to wait until the following day. From today, we join New York City's select band of morning newspapers.

The story of the Financial Times Eupropean project begins exactly 18 months ago. On July 1, 1977 a small group from different departments of the newspaper sat down for the first meeting of "The European Project Group." The terms of reference were to look at the European market, and to assess whether the FT should attack it.

Like all such feasibility studies, this one had its roots laid deep in the history of the Financial Times. For years, we as a company had been looking across the Channel asking ourselves whether we should not be building up our overseas circulation base. And for years, we had decided that the time was not yet right. But in 1976 and 1977, the discussions became more and more serious.

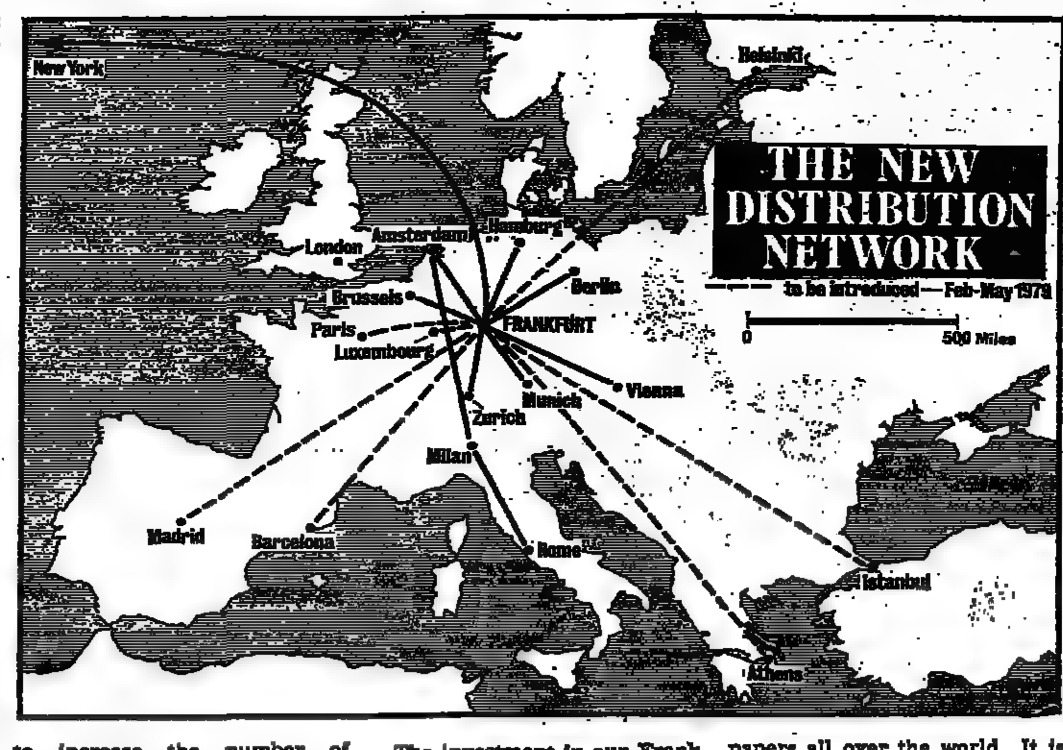
The business decision we were faced with is a very easy one to describe. During the 1960s the FT established itself as Britain's financial and business daily newspaper. It was a period of rapid expansion. Sales were on a continually rising curve. The paper grew in both size and breadth of coverage. Today we have some 30 full-time overseas correspondents, plus a corps of over 80 "stringers"—non-staff journalists who work both for the FT and for other newspapers. It is only 20 years ago that the FT — very tentatively and after much soul-searching—opened a New York editorial office.

During the Heath boom in the early 1970s, we reached our highest ever circulation level—just under 200,000 copies a day. Then came the OPEC oil price increase, rapid inflation, and world recession. Our circulation slipped, alongside most of the rest of the world's "quality" Press.

## Market leader

By 1977, as the world economy began to recover, the FT faced two fairly clear alternative strategies. We could either stay where we were—market leaders in the UK, but tied for ever to the ups and downs of the British economy—or we could make a major investment to expand our circulation and revenue base overseas.

We chose the second course. Before The Times went off the streets, the FT's sale was something over 181,000, with a readership of approximately 825,000. About 14 per cent of that sale is abroad—a loyal and influential band of readers who buy us in spite of all the obstacles that have until today been placed in their path. Our first job in the coming months will be rapidly and dramatically to increase the number of copies sold and the readership of the paper in Europe and the U.S.




## Three stages

But that is only the beginning of the exercise. Eighty per cent of this newspaper's revenue comes from advertising: and somewhere between a quarter and a third of that revenue comes from outside the United Kingdom. The overseas element in our advertising total has been rising steadily throughout the 1970s, as we have continued to penetrate overseas markets.

The investment in our Frankfurt newspaper is therefore a three stage process: first, start printing a paper in Europe that will reach our readers when they want it: secondly, expand circulation and readership in order to broaden the paper's commercial base; thirdly, attract new forms of advertising into the FT aimed at our new readership profile. The first two stages cost money. The pay-off comes in the third stage.

The process by which we shall be transmitting most of the paper to Frankfurt, though expensive, is well tried, and is already being used by newspapers all over the world. It is called "full page facsimile." The page of this paper that you are now reading was composed and made up by the traditional hot metal process in London. A very high quality image of this page was then taken, using a machine called a "proofing press."

The "proof."—in effect an image of this page up to art photography standards — was then wrapped around the drum of a Muirhead facsimile machine. At the press of a button, the drum started to revolve at 3,000 revolutions a minute. As the page revolved, a beam of light "read" it, and translated the image into signals which were sent down a 48 Khz line to Frankfurt. In Frankfurt, these signals were translated back into an undeveloped film. The whole process described in this paragraph took less than three minutes.

The film was then developed; made into a hard plastic plate; and fastened on to the rotary presses of our German printer. The London page now had an identical twin in Frankfurt, 400 miles away.

A great majority of the pages of today's newspaper are common to both the London and Frankfurt papers. All advertisements appearing in London will also appear in Frankfurt.

But those of you who are reading the Frankfurt paper today—or those who travel to Europe or America in the future—will find that the Financial Times looks and feels different.

To begin with, the Frankfurt FT is printed in sections. Both in Europe and America, newspaper readers are used to sectionalised daily papers, in the same way as British readers are used to a sectionalised Sunday Times and Observer.

Section One of the Frankfurt paper will consist of the front half of the London paper, including this page. Section Two will be what we in Bracken House call "the back half," dealing mainly with companies and markets. Section Three will be our special surveys of four pages or more. In our European paper, therefore, all major surveys will form a mini-newspaper of their own, which our readers can file or take home and read at their leisure.

Secondly, parts of the paper are being specially edited for overseas readers. Normally, much of the data and regular features that appear in the London Financial Times will appear in the Frankfurt Financial Times. Simliarly, on any one day, most news stories covered in the London paper will be covered in the Frankfurt paper. But the content and feel of the paper will be different.

## UK coverage

A final word to our readers in the United Kingdom. The Financial Times European project will in no way alter the coverage that you have come to expect from this newspaper of your own affairs. No part of our UK coverage is being dropped.

During the past year, at the same time as we have been planning our new European venture, we have been striving to meet the expanding information needs of our existing, predominantly British, readership. We have extended our UK regional coverage. We have made a substantial investment in our coverage of currency markets, money markets, and international capital markets. On our International company pages, we are bringing you daily news and analysis of what is happening to your competitors, suppliers and customers overseas.

On our UK pages, we shall continue to add to the breadth and depth of our coverage and on our foreign pages to report and interpret the world outside.

Our British readers will not notice the existence of the Frankfurt paper except when they go abroad—and then they should be able to read it as they eat their breakfast.

# Letters to the Editor

## Forecasting charade

*From Mr. M. Williams.*

Sir, — How refreshing to read the Lombard column of December 22 which, I feel, made some very telling points about the prediction industry.

In my view, Lombard is correct when he states that the whole business is "something of a charade," but unfortunately this unremitting flood of generally gloomy analyses and forecasts does have a debilitating effect on confidence in general. Such forecasts must be recognised for what they are — attempts to interpret various economic and commercial factors that have many variable aspects thereby making accurate assessment extremely difficult.

What can be done? I think the role of the Press could be significant here, not necessarily in keeping account of the forecasters' performances, but by putting such analyses in perspective and, in the first instance, this means reference to them in the city columns, if at all; not in the headlines.

But the fundamental question one must ask is, are we sure that the time and effort of these gentlemen is well spent; would it not be more beneficial for the country if their efforts could be directed into more productive channels?

M. H. Williams.
*49, Beechwood Close,*
*Little Chalfont, Bucks.*

## Pension fund statistics

*From Mr. D. Cutler*

Sir,—Mr. Wolanski's main contention on pension fund statistics (December 27) appears to be that I suggested that changes in capital value should be ignored. If he will read my letter more carefully he will realise that I have not in fact made any such suggestion. All that I asked is that the return from investment income should be shown separately and I am mainly influenced in this by the totally different nature of the two main constituents of the so-called rate of return.

Investment income is actually received in hard cash whereas the change in capital value is merely a paper fig re except to the extent of any appreciation or depreciation during the year which is actually realised and which is unlikely to be relatively significant in the case of a large fund. Indeed it is a fact that, as a whole, large and growing funds do not make substantial sector changes in their existing portfolios but tend, rather, to alter the emphasis in the direction in which new money is invested.

In the case of an average pension fund portfolio the composite rate of return would have fluctuated wildly during recent years; for example, a change from (say) minus 30 per cent in 1974 to plus 65 per cent in 1975 would have been quite typical. Figures of this kind by themselves are almost meaningless except possibly in the very long term and it is most desirable to have separate figures for investment income return, the trend of which over the years reflects the true significance of paper movements in capital value and the effect of the investment policy which has been followed.

I am very interested to learn from Mr. Wolanski's letter that some measurement systems do show separate figures but I do not recall ever having seen any publication of the results which would be most interesting. It is possible, of course, that they do not relate to such a wide range and large total of assets as those forming the basis for the better known performance statistics in which the figures are not at present separated.

D. G. S. Cutler.
*Lincombe,*
*9 Woodlands Road,*
*Surbiton, Surrey*

## Changing jobs

*From Mr. R. Lancaster*

Sir,—Your report (December 28) that job-changers "know pensions will be hit" permits the inference, which may also be drawn from similar reports elsewhere, that they *ipso facto* acquiesce in this.

At the risk of starting your New Year correspondence on a gloomy note, I would suggest that the comment is analogous to saying that people know they will die. One may not be terribly happy about it, but there are not many options open to one.

I think there can be little doubt that, if it were possible to ballot the national workforce to ascertain pension preferences, there would be a heavy vote for an individual "value for money" approach rather than the present system whereby early leavers subsidise long-stayers' pension costs.

As a corollary, I am not sure that I agree even with the comment by the secretary-general of the Life Offices' Association in his letter the same day, that the pensions industry has simply reacted to employers' wishes. It is equally arguable that employers' decisions are primarily influenced by advice from pensions specialists, and that much of this advice reflects a time when a much lower rate of inflation made frozen pensions for job-changers less anomalous than now.

R. Lancaster.
*243, Caledonian Road, N1.*

## Delays in the mail

*From Mr. J. Newcombe*

Sir,—It has been reported that the Post Office had to cope with much heavier postings in the pre-Christmas period than for several years. No doubt additional problems caused by adverse weather conditions added to the severe delays which caused so many problems to business.

In my organisation we received second class mail post-marked back to December 11 on Saturday, December 23 and in the only delivery on December 27, second class items back to December 18. On December 28, we even received further second class items back to December 18. In addition we had first class envelopes which had been in the post a full week. December 18 was advertised as the last day for posting second class mail for guaranteed delivery before Christmas.

Many individuals probably post more envelopes in December than the rest of the year put together, and so surely the Post Office could devise a system for keeping some of this extra Christmas mail separate from regular mail.

It is expected that mail prices will rise in 1979 and this charge could surely incorporate a small reduction in price for minimum weight envelopes posted during November by handing over a Post Office counter or in special boxes inside larger Post Offices. Delivery by Christmas would be guaranteed and this would spread the load for the Post Office and would keep normal mail moving without such severe delays as occurred.

J. H. Newcombe.
*"Treloyhan,"*
*16, Greythorn Drive,*
*West Bridgford, Notts.*

## South West Africa

*From the Minister and Chargé d'Affaires, South African Embassy*

Sir,—I am surprised at your lack of background (December 29) on what was at stake and transpired at the South West Africa/Namibia elections. The very fact that British media, including your newspaper, were able to find little or no information of substance on negative developments during those elections, lends credence to the thought that the elections were well organised, free and fair and a lesson in democratic politics to many members of UN.

Had you obtained the views of some prominent overseas visitors to SWA/Namibia at the time of the elections, you would no doubt have learnt that the only real form of voter intimidation was efforts to persuade voters to stay away from the polls.

And what did these elections prove beyond any semblance of doubt? That the South West Africa People's Organisation is not the only authentic representative organisation of the peoples of the territory, as claimed by UN. Even SWAPO (Democrats) who broke away from Mr. Sam Nujoma's SWAPO Party, and others who did not participate in the elections, are vehemently opposed to SWAPO—they have all suffered at the hand of Mr. Nujoma and his Party. Did you realise that there are still some 1,800 SWAPO members in detention in Zambia?

And yet you say the elections proved nothing, notwithstanding the fact that over 80 per cent of the registered voters cast their ballots and returned representatives of five parties. Your newspaper on December 16 referred to the boycott of the elections by SWAPO and the Namibia National Front, but now you state that it was boycotted by virtually every other party. If that was indeed the case then your readers can only conclude that the other parties are not very significant or representative of the people.

I also find it incongruous that you can boldly state that South Africa's "best efforts" is "a euphemism for the fact that Pretoria can ultimately dictate terms to the Windhoek politicians." You are badly informed and grossly underestimate the intelligence and political sophistication of those leaders with whom the South African Government has been conducting negotiations.

You state that South Africa's "past conduct inevitably casts strong doubts on its motives." That is a slanderous statement. You have no doubt not attempted to examine SWAPO's record and motives which have been foremost in the minds of the South African Government in adopting a stance which demonstrates determination not to let SWA become yet another victim of anarchy and chaos.

SWA has made economic and political progress which can serve as an example to many of the countries on the African continent. It would therefore be naive to think that those people would be prepared to sacrifice that for the unknown future under a one-party SWAPO Marxist state.

That of course does not mean that they are not prepared to tackle the political problems of the territory in a democratic way. In that respect they will at all times enjoy the support and, if needed, the counsel of the South African Government. The five western members of the Security Council are also fully aware of South Africa's preparedness to co-operate in finding a democratic and peaceful solution for the problems of the territory.

David V. Louw.
*Trafalgar Square, WC2.*

## The dreaded word money

*From Mr. R. Wilkinson*

Sir,—May I return Samuel Brittan's seasonal good wishes (December 21) and in return wish him a 1979 free from official and other double-think and newspeak.

May I also gently chide him for a most outrageous use of an otherwise splendid article, to introduce his own, probably unconscious double-think. "Who could have invented 'counter-inflation' as a title for policies which do not include money in any shape or form." There it is, you see, the dreaded word money. Only a monetarist could manage to plug his theory while apparently writing an intellectually non-committed article.

Incidentally, would Mr. Brittan agree that a prize example of the genre would be to advocate a once for all 5 per cent addition, for demand boosting purposes, to the money supply as being not an actual "increase" but merely an addition? If he does agree, refer him to an article he wrote some 12 months ago.

R. P. Wilkinson.
W. I. Carr, Sons and Co.
*Ocean House,*
*10-12, Little Trinity Lane, EC4.*

## The strike weapon

*From Mr. G. Brittain*

Sir,—The letters from Mr. Imrie (December 19) and Miss Gough (December 28) set out very clearly the mental agonies over striking being experienced by a very large number of people of a humanist, middle-class upbringing today. Miss Gough's final sentence "The quality of the service would be diminished further if all its members abandoned their principles because others have none," epitomises for me the moral dilemma of a very sizeable proportion of the population of this country.

I, for example, have a lot of sympathy with what the activists in my own company are trying to achieve. But I disagree fundamentally with the way they are going about it. The strike weapon, or the quasi-strike (i.e. working to rule), should only be allowed within the law if all channels of oral communication have failed. It is up to the intelligence of both "sides" to thrash out a procedure to be followed in all disputes.

Therefore, I applaud the use of the sub-heading "strike weapon" in your correspondence columns. If the media (a horrible euphemism) could be persuaded to use this form of words in place of the totally inept "industrial action," it might possibly bring home to the vast majority that we are in the middle of a civil war—with people changing sides every day—rather than a war against a non-existent enemy.

Geoffrey C. Brittain.
*Heathcliffe,*
*Ben Rhydding Road,*
*Ilkley, West Yorks.*

# Today's Events

**GENERAL**

Mr. Malcolm Fraser, Prime Minister of Australia, scheduled to travel to Washington, U.S., where he and his Foreign Minister, Mr. Andrew Peacock, will have talks with President Jimmy Carter and Mr. Cyrus Vance, U.S. Secretary of State.

National Union of Journalists calls 250 chapel fathers (union branch leaders) to a briefing session in London on the provincial newspaper pay strike.

Expiration of President Carter's powers to waive the imposition of countervailing duties against textile imports into the U.S.

Termination of $4.1bn standby credit to UK from International Monetary Fund.

Sir Kenneth Cork, Lord Mayor of London, attends annual meeting of Royal Society of St. George at Mansion House.

**COMPANY RESULTS**

Final dividend: Thos. W. Ward.

**LUCHTIME MUSIC, London**

Recital by John Mee (organ) and Mary Mee (soprano) at St. Michael Cornhill, at 1 pm.

NEW LIFE BUSINESS

# Prudential income 23% higher in buoyant year

A SUCCESSFUL year for life business in 1978 is reported by the *Prudential Corporation* (formerly Prudential Assurance) the largest life company in the UK. Overall annual premium income for the year rose by 23 per cent to £142.8m from £116.2m. However, single premium business last year declined by 4.3 per cent to £91.7m from £95.8m in 1977.

Individual business in the UK was particularly buoyant with new annual premiums jumping 44 per cent to £40.8m from £28.4m. There were markedly higher sales of the personal retirement plan for the self-employed and individual pension contracts for directors and executives.

But there was also considerable growth in ordinary life business sold by the field staff. The Pru changed its method of remunerating agents and inspectors last May to a premium related system. This resulted in much more with profit business being sold, as reflected in the new sums assured for the year which declined to £3.87bn from £4.29bn.

Single premium business on individual contracts were also buoyant rising to £12.1m from £9.6m. But the single premium business of the linked life subsidiary Vanbrugh Life, declined by 23.6 per cent to £36m from £47.1m in 1977.

This move is very much against the trend for linked life business when overall substantial increases are expected for 1978. However, Vanbrugh, which operates only through insurance brokers, has achieved substantial growth over the previous three years so a pause in growth is not unexpected. But it is also suffering from competition from the linked operations of other traditional life companies, launched over the past 18 months.

Company pension business was extremely buoyant last year, being stimulated by the start of the new State pension scheme. The Pru is the second largest pensions company in the UK and its new annual premiums increased by 41 per cent to £35.3m from £25m. Almost all this growth come from the managed fund subsidiary Prudential Pensions, where annual premiums more than doubled to £18.4m. Single premium pension business was 52 per cent higher.

New life business advanced steadily in the industrial branch, with new annual premiums being 8 per cent higher at £35.5m compared with £32.8m. But new sums assured were lower at £655m against £690m reflecting a trend towards shorter term contracts.

A successful year in 1978 for new life business is also reported by **Sun Alliance and London Insurance Group.** New annual premiums were 30 per cent higher at £16.0m against £12.3m and single premiums doubled to £10.3m from £5m. But the whole of this latter rise came from the linked life subsidiary which recorded £6m of single premium business last year. New annual premiums for individual life business were 35 per cent higher, the company's low cost mortgage plan being a success over the year. Pension business annual premiums were 24 per cent higher, with the self-employed plans being extremely popular. New sums assured amounted to £645m against £521m and new annuities to £64.3m per annum against £26.3m.

# AE hopes to cushion impact of Ford strike

EXPECTED VOLUME growth in the replacement market and for turbine components should help offset the loss in volume caused by the Ford strike at Associated Engineering in the current year. Even so the company's ability to benefit from these increases will greatly depend on the level of industrial activity in the UK, says Mr. J. N. Ferguson, the chairman.

For the year to September 30, 1978, taxable profit slipped from £32.5m to £29.4m on higher sales of £324m (£287m) and the net dividend is raised to 5.24p (4.69p)

Increased working capital and the effect of acquisitions meant that net borrowings, after allowing for short-term deposits and investments, were £21.6m higher and represented 26 per cent (20 per cent) of capital employed at year end.

Less capital spending and the slower rise in working capital projected for 1979 should result in only a limited increase in borrowings during the current year, says Mr. Ferguson.

In 1977-78 capital expenditure was up from £16.4m to £20.3m. With lower than expected level of demand some spending, particularly relating to additional capacity, has been deferred but the main programme of re-equipment to improve productivity and quality is continuing.

Future capital spending at September 30 amounted to £13.3m (£29.8m) of which £5.3m (£24.6m) had been provisionally sanctioned by the Board.

At the AGM members will be asked to approve payment of £10,000 to the Conservative and Unionist Party.

Meeting, Savoy Hotel, W.C., on January 25 at noon.

BONUSES

# Bonus rates show favourable trend

**Sun Alliance and London Assurance Company,** the life company of the Sun Alliance and London Insurance Group, has improved its reversionary bonus rates for 1978 on all with-profit business.

On its ordinary life assurance policies, the reversionary bonus rate is £4 per cnt of the sum assured and £6 per cent of attaching bonuses, compared with the previous rate of £4 and £5 per cent respectively. In addition capital bonuses will be paid on claims on death or maturity from January 1, 1979, for all with-profit policies effected in 1969 or earlier.

The present rate varies from £50 per £1,000 of the sum assured for contracts in force for 10 years to £610 per £610 per 1,000 for policies in force for 35 years or more.

On personal pension policies the reversionary bonus rate for 1978 will be £4.20 per cent of the basic annuity plus £5.80 per cent of the attaching bonuses, compared with the previous rate of £4 and £5.50 per cent respectively. Also, vesting bonuses will be added to pensions commencing on or after January 1, 1979, and improved bonus rates have been declared for with-profit pension scheme business.

The company has announced slightly lower interim bonus rates for this year. On ordinary life business there are £4 per cent of the sum assured and £5.25 per cent of attaching bonuses, while for pensions business they are £4.20 per cent of the basic annuity and £5.50 per cent of attaching bonuses.

**Guardian Royal Exchange Assurance** has raised bonus rates for 1978 on its current simple bonus series, together with the payment of a special bonus. The new rate is lifted to £5.75 per cent of the sum assured from £5.50 per cent on whole life policies and to £5.50 per cent simple from £5.25 per cent for endowment assurances.

Further to this a special bonus of 10 per cent of all bonuses declared on, or before December 31, 1977 (that is excluding the current declaration) will be added to with-profit policies.

This special bonus represents the consolidation of the additional 10 per cent terminal bonus that has been paid on claims during 1978. The current terminal bonus rate remains at the present level of 25 per cent of attaching bonuses.

Increased rates of reversionary bonus are declared for all other UK group and individual participating life, pension and annuity policies. The interim bonus rates for 1979, where applicable, are the same as the ordinary declared reversionary bonus rates.

MINING NEWS

# Portugal's uranium production plans

Portugal expects to produce 115 tonnes of uranium oxide this year with a value at current world prices of Es.500m (£5.39m), reports our Lisbon correspondent.

In the coming year, the National Uranium Company expects to open up five new deposits of uranium, inclding one known as the Quintado Bispo, believed to have a 700 tonnes reserve of the radioactive mineral.

According to OECD's Nuclear Energy Commission, Portugal has known uranium reserves of about 7,000 tonnes, a figure local officials believe is a low estimate.

However, the country is only due to install a nuclear power plant in 1986, and then its capacity will be small—0.9 GWE, in comparison with Federal Germany's present 29 GWE output, and the U.S. 130 GWE.

The Portuguese Government plans to present a White Paper on energy policy next year, and map out a strategy for nuclear power, a project opposed by some Left-wing and environmental groups.

## Placer options moly prospect

CANADA'S **Placer Development** has acquired an option on a 70 per cent interest in the Ruby Creek molybdenum property near Atlin, British Columbia, owned by **Adanac Mining and Exploration.**

Under the agreement, Placer has paid Adanac C$80,000 (£33,800) and must spend C$300,000 on the property in 1979. To maintain the option in 1980 Placer must pay Adanac C$100,000 and carry out another C$300,000 of work.

Placer said it can maintain the option and defer any production decision prior to the end of 1983 by paying Adanac C$115,000 before 1981, C$132,250 before 1982, and C$152,000 before 1983.

## FT Share Information

The following securities have been added to the Share Information Service appearing in the Financial Times.

**Arncliffe Holdings** (Section: Buildings).

**Chinese** 4½pc 1898, Chinese 5pc 1912, Chinese 5pc 1925 (Boxer) (Section: Foreign Bonds).

**Cultus Pacific N.L.** (Section: Mines—Australia).

**Gelco Corporation** (Section: Overseas—New York).

**Ottoman Bank** (Section: Banks and Hire Purchase).

**Samuelson Film Service** (Section: Leisure).

## Sterling Credit higher at six months

Improved pre-tax profit of £195,000, compared with £155,000, is reported by **Sterling Credit Group** for the half year to the end of September 1978. Income was ahead £0.31m at £1.38m.

The directors expect the second six months to be at least as good as the first half. In this event they intend to pay a currently maximum permitted total. The interim dividend is raised 10 per cent to 0.392p.

After tax of £20,000 (£21,000) and minorities this time of £25,000 the attributable surplus emerged at £144,000 (£122,000).

## Midland Bank statistics

Statistics compiled by the **Midland Bank** show that the total "new money" raised in the UK in 1978 by the issue of marketable securities (excluding borrowings by the British Government) was £1,002m, representing a decline of £499m on the figure for 1977 and the lowest annual total since 1974.

The amount raised in December was £55.1m. Company issues again accounted for the bulk of this amount with 12 companies raising £48.9m. Nine of these issues, amounting to £43.3m, were by way of rights, the largest being £37.3m raised by Metal Box.











## LOCAL AUTHORITY BOND TABLE

| Authority (telephone number in parentheses) | Annual gross interest | Interest payable | Minimum sum | Life of bond |
|---|---|---|---|---|
| | % | | £ | Year |
| Barnsley Metro. (0226 203232) | 12 | ½-year | 250 | 3-7 |
| Barking (01-592 4500) | 11⅞ | ½-year | 1,000 | 4-6 |
| Barking (01-592 4500) | 12¼ | ½-year | 5,000 | 4-6 |
| Knowsley (051 548 6555) | 12½ | ½-year | 1,000 | 6-10 |
| Manchester (061 236 3377) | 12 | ½-year | 500 | 5 |
| Poole (02013 5151) | 11¾ | ½-year | 500 | 2-3 |
| Poole (02013 5151) | 12¼ | ½-year | 500 | 6-7 |
| Poole (02013 5151) | 12½ | ½-year | 500 | 5 |
| Redbridge (01-478 3020) | 13 | ½-year | 200 | 4-5 |
| Sefton (051 922 4040) | 12 | ½-year | 2,000 | 3-7 |
| Wrekin (0952 505051) | 12½ | yearly | 1,000 | 5-10 |

## FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£25,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 5.1.79.

| Terms (years) | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|
| Interest % | 12¼ | 12¼ | 12½ | 12½ | 12½ | 12¾ | 12¾ | 12¾ |

Rates for larger amounts on request. Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8XP (01-928 7822, Ext. 177). Cheques payable to "Bank of England, a/c FFI." FFI is the holding company for ICFC and FCI.

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Bondtrade: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; E. F. Hutton Services SARL; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Internationale Luxembourg; Krediet Bank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Banque Francaise de Credit International; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; Dillon, Read Overseas Corporation; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Hill Samuel and Co.; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nesbitt Thomson; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Strauss Turnbull and Co.; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy. Closing prices on December 29

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Aga Akt. 9¼ 88 | 25 | 94¼ | 94¾ | 0 | −0¼ | 10.16 |
| Australia 8.45 83 | 175 | †95 | 95¾ | −0¼ | −0⅞ | 10.00 |
| Australia 9¼ 83 | 75 | †97¾ | 98 | −0¼ | −0¼ | 9.85 |
| Beatrice Foods 7⅞ 83 | 100 | 93⅜ | 93⅞ | 0 | 0 | 9.59 |
| CECA 8¾ 87 | 50 | †94 | 94½ | −0½ | −0¼ | 9.76 |
| CECA 9 93 | 25 | 95¼ | 95¾ | 0 | +0¼ | 9.45 |
| CECA 9¼ 98 | 25 | 98⅛ | 98⅞ | 0 | +0⅛ | 9.40 |
| CNT 9 93 | 75 | 94½ | 94⅞ | −0⅛ | 0 | 9.70 |
| Canada 9 83 | 250 | †93⅞ | 94⅜ | +0⅛ | 0 | 9.95 |
| Canada 8.20 85 | 250 | †92⅞ | 93⅛ | −0¼ | 0 | 9.83 |
| Canada 8¾ 98 | 250 | †92⅞ | 92⅞ | +0⅛ | +0¼ | 9.69 |
| Canada 9 83 | 400 | 97⅛ | 97⅝ | −0⅛ | +0¼ | 9.83 |
| Canada 9¼ 98 | 350 | 97⅝ | 98 | 0 | +0⅛ | 9.73 |
| Canadair 8½ 83 | 70 | 94⅜ | 94¾ | 0 | 0 | 10.06 |
| Dominion Bridge 9 88 | 25 | 92¾ | 93¾ | 0 | 0 | 10.27 |
| EIB 9¾ 98 | 125 | †96¾ | 97¼ | +0⅛ | +0⅛ | 9.71 |
| Eksportfinans 9 88 | 50 | 95¼ | 96 | −0⅛ | −0¼ | 9.79 |
| Finland 8¾ 83 | 100 | †95⅜ | 96 | −0⅛ | −0¼ | 10.24 |
| Finland 9 88 | 100 | †94¼ | 95⅛ | +0⅛ | 0 | 10.02 |
| Hospital O/S 9 83 | 25 | 96⅛ | 97 | +0⅛ | 0 | 9.87 |
| Itel Finance 9¾ 90 | 20 | 91⅛ | 91⅝ | 0 | −0¼ | 11.38 |
| J. C. Penney 8⅞ 83 | 100 | 94⅞ | 95⅛ | −0½ | −0⅛ | 9.84 |
| Mac Bloedel 9¾ 93 | 60 | 94¾ | 95¼ | −0⅛ | −0⅛ | 9.91 |
| NZ Dev. Fin. 8¾ 83 | 20 | 93½ | 93¾ | 0 | +0⅛ | 9.99 |
| NZ Dev. Fin. 8¾ 85 | 20 | 93⅛ | 93⅝ | 0 | +0⅛ | 9.78 |
| Nat West 9 86 | 75 | 96⅛ | 97 | −0⅛ | −0¼ | 9.61 |
| Newfoundland 9¾ 90 | 50 | 95⅛ | 96⅛ | 0 | 0 | 9.77 |
| Nord Inv. Bk. 8¾ 88 | 25 | 95⅜ | 95¾ | −0⅛ | +0⅛ | 9.50 |
| Norges Komm. 9⅛ 98 | 75 | †95⅛ | 95½ | −0⅛ | −0⅛ | 9.61 |
| Norsk Hydro 9¾ 94 | 50 | 96¼ | 96¾ | +0⅛ | +0⅛ | 9.70 |
| Norway 7⅞ 83 | 250 | 92⅞ | 93 | 0 | −0⅛ | 9.99 |
| Norway 8¾ 83 | 150 | †95¼ | 96¼ | −0⅛ | −0⅛ | 10.11 |
| Occidental 9⅞ 85 | 75 | 92⅛ | 92⅝ | −0⅛ | +0⅛ | 10.84 |
| Ont. Hydro 8½ 85 | 125 | 93⅛ | 93⅝ | 0 | −0⅛ | 9.92 |
| Quebec Hydro 9½ 93 | 50 | 97 | 97½ | −0⅛ | −0⅛ | 9.65 |
| Sweden 9¾ 98 | 125 | †96⅞ | 97¾ | −0⅛ | −0⅛ | 9.79 |
| UK 8¾ 85 | 200 | †94 | 94½ | −0⅛ | −1 | 10.00 |
| UK 8⅞ 93 | 150 | 95⅛ | 96⅛ | −0⅛ | −0⅛ | 9.61 |

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Argentina 6½ 88 | 150 | *95⅛ | 96⅛ | 0 | +0⅛ | 7.09 |
| Asian Dev. Bank 5½ 88 | 100 | *82⅛ | 82⅝ | −0⅛ | −0⅛ | 8.61 |
| Australia 6 88 | 250 | *101⅛ | 101⅞ | −0⅛ | 0 | 5.77 |
| Austria 5¾ 90 | 150 | *94⅛ | 94⅞ | −0⅛ | +0⅛ | 6.41 |
| Bankamerica 5¾ 90 | 150 | *98¾ | 99¼ | 0 | 0 | 5.81 |
| Bq. Ext. Algerie 7¼ 85 | 100 | *96⅝ | 97⅛ | −0⅛ | +0⅛ | 7.85 |
| CECA 6 88 | 150 | *96⅞ | 97⅜ | −0⅛ | +0¼ | 6.40 |
| Canada 4¾ 83 | 500 | *98⅜ | 98⅞ | 0 | +0¼ | 5.10 |
| Ch. Manhattn. O/S 6 93 | 100 | *101¼ | 102 | −0⅛ | 0 | 5.81 |
| Commerzbank WW 3½ | 100 | *103¼ | 103¾ | 0 | −0⅞ | 3.07 |
| Commerzbank XW 3½ | 100 | *82½ | 83 | 0 | −0⅛ | 5.82 |
| Copenhagen City 6 90 | 75 | *94¾ | 95¼ | +0⅛ | +0¼ | 6.62 |
| Council of Europe 6¼ | 100 | *98¾ | 99¼ | −0⅛ | −0¼ | 6.28 |
| Council of Europe 6¼ | 130 | *97⅝ | 98⅛ | −0⅛ | −0¼ | 6.55 |
| EIB 6 90 | 300 | *96⅛ | 96⅞ | +0¼ | +0¼ | 6.41 |
| Elf Aquitaine 5¾ 88 | 100 | *93⅛ | 93⅞ | −0⅛ | 0 | 6.16 |
| Finland 6 83 | 150 | *98½ | 99 | 0 | 0 | 6.30 |
| Hitachi Ship. 5¾ 83 | 50 | *100¾ | 101⅛ | −0⅛ | +0¼ | 5.54 |
| IBJ 5 84 | 100 | *99⅛ | 99⅞ | −0⅛ | −0¼ | 5.09 |
| Indonesia 7 84 | 100 | *97⅝ | 98⅛ | +0⅛ | +0¼ | 7.48 |
| Kobe, City of 6¾ 88 | 100 | *100⅛ | 100⅝ | +0⅛ | +0⅛ | 5.68 |
| Light Servicos de Elet. | 150 | *96⅞ | 97⅜ | 0 | 0 | 7.28 |
| Mexico 6 85 | 200 | *97¾ | 98¼ | 0 | +0⅛ | 6.39 |
| Mitsubishi Petro. 5¾ 85 | 100 | *101⅛ | 101⅝ | +0⅛ | +0⅛ | 5.49 |
| Nippon Steel 5¾ 85 | 100 | *101⅝ | 102⅛ | +0⅛ | +1¼ | 5.40 |
| Norges Komm. 6 90 | 100 | *97⅛ | 97⅞ | 0 | +0⅛ | 6.29 |
| Norway 4½ 83 | 250 | *97 | 97½ | 0 | +0⅛ | 5.10 |
| Norwegn. Ind. Bk. 6 90 | 125 | *97⅛ | 97⅞ | 0 | 0 | 6.29 |
| Occidental 6¾ 90 | 150 | *97¾ | 98¼ | +0⅛ | +0⅛ | 7.00 |
| OKB 6½ 88 | 100 | *101½ | 102 | +0⅛ | +0⅛ | 6.28 |
| Petroleo Brazil 7 88 | 100 | *98¾ | 99¼ | −0⅛ | −0¼ | 7.14 |
| PK Banken 5¾ 88 | 100 | *93⅛ | 94⅛ | 0 | +0⅛ | 6.65 |
| Quebec, Prov. of 6 90 | 150 | *95¼ | 95¾ | −0⅛ | −0¼ | 6.57 |
| Ricoh 5¼ 83 | 30 | *100⅞ | 101⅜ | +0⅛ | +0⅛ | 4.98 |
| Spain 6 88 | 200 | *94½ | 95 | −0⅛ | −0¼ | 6.77 |
| Statoil 6 88 | 150 | *98¾ | 98¾ | −0⅛ | +0⅛ | 6.21 |
| UDS Group 6¾ 83 | 65 | *97¾ | 98¼ | +0⅛ | +0⅛ | 6.25 |
| Venezuela 6½ 90 | 150 | *94½ | 95 | 0 | 0 | 7.17 |
| World Bank 6¼ 88 | 400 | *97⅞ | 98⅛ | 0 | +0⅛ | 6.51 |

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Acesa 5¾ 88 | 40 | *105½ | 106 | +1⅛ | +1⅞ | 4.49 |
| Amer. Exp. Int. 3¾ 93 | 40 | *100¾ | 101¼ | +0⅛ | +0⅞ | 3.41 |
| Arlberg Tunnel 4 93 | 40 | *101 | 101½ | +0⅛ | +0⅛ | 3.88 |
| Austria 3½ 93 | 100 | *97 | 97¼ | +0⅛ | +1⅛ | 3.75 |
| Brazil 4¾ | 100 | *97¼ | 98 | +0½ | +0¼ | 4.52 |
| Chase Manhattan 4 93 | 70 | *105 | 106 | +0⅛ | +1 | 3.51 |
| Bankamerica 3¾ 93 | 80 | *102¾ | 103¼ | +0⅛ | +1¼ | 3.49 |
| BNDE 6 88 | 75 | *101⅛ | 102 | 0 | 0 | 4.75 |
| Denmark 4½ 90 | 100 | *104⅛ | 104⅝ | +0⅛ | +0⅞ | 4.01 |
| Denmark-Mortgage Bk. | 80 | *102½ | 103 | +0⅛ | −0⅛ | 4.19 |
| EIB 4¼ 93 | 100 | *102½ | 102¾ | +0⅛ | +0½ | 4.01 |
| Euratom 4¼ 93 | 80 | *102¼ | 102½ | −0⅛ | +0⅛ | 4.03 |
| F. L. Smidth 4½ 88 | 25 | *102⅞ | 102¾ | +0⅛ | +0⅞ | 4.19 |
| Finland 4½ 93 | 80 | *103⅛ | 103⅝ | −0⅛ | 0 | 4.19 |
| First Chicago 3½ 93 | 70 | *†99 | 99½ | +0⅛ | +1 | 3.57 |
| GZB 4½ 93 | 100 | *103¼ | 103¾ | +0⅛ | +0⅛ | 4.17 |
| Hilti-Liechenstein 4¼ | 25 | *104⅞ | 105⅛ | +0⅛ | +0⅛ | 3.80 |
| ICI Fin. NV. 4¾ 93 | 100 | *104⅜ | 104⅞ | +0⅛ | +0⅛ | 3.82 |
| Malaysia 4¾ 90 | 80 | *99⅞ | 100⅛ | +0⅛ | 0 | 4.75 |
| Manitoba 4 93 | 100 | *103 | 103¼ | +0⅛ | +1 | 3.71 |
| Newag 4 93 | 70 | *102 | 102¼ | +0⅛ | +1 | 3.80 |
| Norges Komm. 4¼ 90 | 100 | *103½ | 103¾ | +0⅛ | +0⅛ | 3.85 |
| OKB 4 93 | 80 | *101½ | 101¾ | +0⅛ | +0⅛ | 3.85 |
| Oy Nokia 5 90 | 20 | *104¾ | 105¼ | +1⅛ | +1⅜ | 4.43 |
| Safe 4¼ 93 | 30 | *103⅞ | 104⅜ | +1½ | +1½ | 3.87 |
| Sandvik 4 90 | 85 | *102 | 102½ | 0 | +0⅛ | 3.78 |
| Seas 4½ 88 | 15 | *103½ | 104 | −0⅛ | −0⅛ | 4.01 |
| Voest-Alpine 4¾ 93 | 100 | *103½ | 103¾ | +0⅛ | +0⅛ | 4.70 |
| Voralberg Kraft 4 93 | 30 | *102 | 102½ | +0⅛ | +0⅛ | 3.79 |
| Vienna 4 93 | 100 | *101⅛ | 101⅝ | +0⅛ | +0⅛ | 3.88 |
| World Bank 4¼ 93 | 250 | *103 | 103¼ | +0½ | +0⅛ | 3.96 |

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bk. 5¾ 88 | 15 | 96½ | 97⅛ | 0 | 0 | 6.20 |
| BFCE 6.4 90 | 30 | 95⅛ | 95⅞ | 0 | 0 | 7.10 |
| Eurofima 6.3 90 | 10 | 96⅛ | 96⅞ | 0 | −0⅛ | 6.85 |
| Norway 5.7 83 | 25 | 100¾ | 101⅛ | 0 | −0⅛ | 5.47 |
| SNCF 6.6 90 | 20 | †96½ | 97½ | −0⅛ | −0⅛ | 7.11 |
| Sweden 6 3 90 | 40 | 95 | 95¾ | 0 | +0⅛ | 7.01 |

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Rank O/S Hold 11½ A$ | 12 | 95 | 95¾ | −0⅛ | +0⅛ | 12.76 |
| Auto Cote B. 7 93 EUA | 15 | 95¼ | 96⅛ | 0 | +0⅛ | 7.48 |
| Copenhagen 7 93 EUA | 30 | 95 | 96 | +0⅛ | +0⅛ | 7.52 |
| Finland Ind. 7 93 EUA | 15 | 95⅛ | 96⅛ | −0⅛ | −0⅛ | 7.47 |
| Komm. Inst 7½ 93 EUA | 15 | 97⅛ | 98⅛ | −0⅛ | 0 | 7.71 |
| Panama 8¾ 93 EUA | 20 | 95⅛ | 96⅛ | −0⅛ | −0⅛ | 9.70 |
| SDR France 7 93 EUA | 22 | 96½ | 97½ | −0⅛ | 0 | 7.34 |
| Algemene Bk 6¾ 83 Fl | 75 | 91⅞ | 92⅛ | +0⅛ | +0⅛ | 8.42 |
| Brazil 7½ 83 Fl | 75 | 93⅞ | 94⅛ | −0⅛ | −0⅛ | 9.09 |
| CFE Mexico 7¼ 83 Fl | 75 | 96⅞ | 97⅛ | 0 | +0⅛ | 8.48 |
| EIB 7¼ 85 Fl | 75 | 93⅛ | 94⅛ | 0 | 0 | 8.47 |
| Neder Midd. 6½ 83 Fl | 75 | 93⅛ | 94⅛ | +0⅛ | +0⅛ | 8.15 |
| New Zealand 6¾ 84 Fl | 75 | 91⅞ | 92⅛ | 0 | +0⅛ | 8.56 |
| Norway 6½ 83 Fl | 100 | 92⅛ | 93⅛ | 0 | +0⅛ | 8.51 |
| OKB 6¼ 85 Fl | 75 | 90 | 90¾ | 0 | 0 | 8.50 |
| Elf Aquitaine 8¾ 88 FFr | 150 | 98⅛ | 98⅞ | +0⅛ | +0⅛ | 8.97 |
| EIB 9¾ 88 FFr | 200 | 98½ | 99 | 0 | +0⅛ | 9.94 |
| Unilever 10 85 FFr | 100 | 100¾ | 101¼ | 0 | +0⅛ | 9.84 |
| BAT 8 88 LuxFr | 250 | 95⅛ | 96⅛ | 0 | +0⅛ | 8.60 |
| Bayer Lux 8 88 LuxFr | 250 | 95⅛ | 96⅛ | 0 | +0⅛ | 8.70 |
| EIB 7¾ 88 LuxFr | 250 | 95⅛ | 96⅛ | +0⅛ | +0⅛ | 8.38 |
| Finland I. Fd 8 88 LuxFr | 250 | 95⅛ | 96⅛ | 0 | +0⅛ | 8.68 |
| Norway 7¾ 83 LuxFr | 250 | 96⅛ | 97⅛ | 0 | 0 | 8.49 |
| Renault 7¾ 88 LuxFr | 500 | 97⅛ | 98⅛ | 0 | +0⅛ | 8.11 |
| Solvay Fin 8 85 LuxFr | 500 | 100⅛ | 101⅛ | 0 | +0⅛ | 7.80 |
| Swedish Bk 8 88 LuxFr | 500 | 99⅛ | 100⅛ | 0 | +0⅛ | 8.01 |
| Gestetner BV 11 88 £ | 10 | 89 | 90 | +0⅛ | +0⅛ | 12.87 |
| Whitbread 10½ 90 £ | 15 | 85⅛ | 86⅛ | 0 | −0⅛ | 12.37 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| American Express 82 | 0¼ | 98⅞ | 99⅛ | 20/4 | 10⅛ | 10.73 |
| Arab Intl. Bk. M6.5 83 | 0⅞ | 98⅛ | 98⅞ | 31/1 | 9⅞ | 9.78 |
| B. El Salvador M8 83 | 1¼ | 96⅛ | 97 | 12/4 | 11.31 | 11.62 |
| B. Nac. Argent M8 83 | 0⅛ | 96⅞ | 97⅛ | 21/1 | 9⅛ | 9.65 |
| Bank Handlowy M8 88 | 1⅛ | 97⅛ | 97⅞ | 25/11 | 12.94 | 13.29 |
| Bk. of Tokyo M5½ 93 | 0⅛ | 96⅞ | 97⅛ | 18/4 | 10⅛ | 10.84 |
| Banque Worms M5⅛ 86 | 0⅛ | 98⅛ | 98⅞ | 15/6 | 12 | 12.20 |
| Bq. d'Alg. M8.375 84 | 0⅛ | 96⅞ | 97 | 9/2 | 9⅛ | 9.95 |
| Bq. Ext. d'Alg. M7.5 85 | 0⅛ | 95⅛ | 96 | 2/6 | 12⅛ | 13.32 |
| Bq. Indo et Suez M5½ | 0⅛ | 98 | 98⅛ | 28/1 | 9⅛ | 9.65 |
| Bq. Afr. Occ. M6.5 83 | 0⅛ | 96⅛ | 97⅛ | 12/1 | 9⅛ | 9.66 |
| CCCE M5.25 98 | 0⅛ | 97⅛ | 97⅞ | 3/2 | 9.19 | 9.42 |
| CCF M5⅛ 85 | 0⅛ | 99⅛ | 99⅞ | 3/5 | 12⅛ | 12.29 |
| Ch. Man. O/S M5⅛ 93 | 0⅛ | 97⅛ | 97⅞ | 27/1 | 9.31 | 9.54 |
| Credit National M5⅛ 88 | 0⅛ | 97⅛ | 98⅛ | 11/1 | 9.19 | 9.38 |
| Gotabanken M6 88 | 0⅛ | 97⅛ | 98 | 18/6 | 12.31 | 12.68 |
| Ind. Bk. Japan M5⅛ 85 | 0⅛ | 98⅞ | 99⅛ | 1/6 | 12.35 | 12.48 |
| Ishikawajima M5⅛ 85 | 0⅛ | 97⅛ | 98 | 27/4 | 11⅛ | 11.52 |
| Ljubljanska M7.75 85 | 1 | 95⅛ | 96⅛ | 19/1 | 10⅛ | 10.86 |
| LTCB Japan M5⅛ 85 | 0⅛ | 98⅛ | 98⅞ | 9/5 | 12.08 | 12.23 |
| Midland Intl. M5⅛ 93 | 0⅛ | 97⅛ | 98 | 20/1 | 9.44 | 9.69 |
| Nat. West. M5⅛ 90 | 0⅛ | 97⅞ | 98⅛ | 21/6 | 12⅛ | 12.74 |
| OKB M5⅛ 88 | 0⅛ | 99⅛ | 100 | 18/4 | 10.56 | 10.59 |
| Offshore Mining 86 | 0⅛ | 98⅛ | 98⅞ | 19/1 | 9.44 | 9.59 |
| Privredna Banka M8 86 | 0⅞ | 98⅛ | 98⅞ | 22/6 | 13.44 | 13.86 |
| Stand. Chart. M5.5 90 | 0⅛ | 96⅞ | 97⅛ | 10/2 | 8.94 | 9.23 |
| Sundsvallsbnkn. M6 85 | 0⅛ | 96⅞ | 97 | 4/4 | 10.06 | 10.40 |
| Utd. Overs's Bk. M6 83 | 0⅛ | 98⅛ | 99 | 4/5 | 12.31 | 12.47 |

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Asics 5¾ 93 | 9/78 | 828 | 91 | 92 | −0⅛ | 0.33 |
| Baker Int. Fin. 5½ 93 | 1/79 | 34 | 102 | 102⅞ | +0⅛ | 9.05 |
| Boots 6¾ 93 | 2/79 | 2.16 | 91⅞ | 92⅞ | +0⅛ | 0.24 |
| Coca-Cola Bottling 6¾ | 4/79 | 9 | 89 | 90 | −0⅛ | 28.88 |
| Ito-Yokado 5¾ 93 | 6/78 | 1473 | 130⅛ | 130⅞ | −0⅛ | 0.12 |
| Novo Industri 7 89 | | 259 | 89⅛ | 90⅛ | −0⅛ | 2.83 |
| Texas Int. Air. 7¼ 93 | 4/79 | 14.5 | 88⅛ | 89⅛ | +0⅛ | 19.88 |
| Thorn Int. Fin. 7 88 | 11/78 | 3.67 | 102⅛ | 103⅛ | +0⅛ | −2.83 |
| Tyco Int. Fin. 8½ 88 | 9/78 | 21 | 96⅛ | 96⅞ | −0⅛ | 19.98 |
| Tyco Int. Fin. 5 84 | | 61.5 | 74 | 76⅛ | −0⅛ | 172.34 |
| Asahi Optical 3¼ DM | 12/78 | 566 | †100⅛ | 91⅛ | +0⅛ | 3.63 |
| Casio Cp. 3½ 85 DM | 11/78 | 841 | †102⅛ | 103⅛ | −0⅛ | 6.13 |
| Izumiya 3½ 86 DM | 10/78 | 368 | 195 | 96 | +0⅛ | 6.36 |
| Jusco 3½ 86 DM | 1/79 | 1270 | †91⅞ | 92⅞ | −0⅛ | 11.35 |
| Konishroku 3½ 85 DM | 1/79 | 612 | †93⅛ | 94⅛ | +0⅛ | 6.32 |
| Marudai Food 3½ DM | 2/79 | 1033 | *98⅛ | 99⅛ | +0⅛ | 14.20 |
| Murata M. 3½ 86 DM | 11/78 | 854 | †190 | 101 | +8⅛ | −3.24 |
| Nipp. Air. 3.5 88 DM | 12/78 | 508 | †90⅛ | 91⅛ | −0⅛ | 5.08 |
| Nippon Shmpn. 3¾ DM | 8/78 | 738 | *113 | 113¾ | +0⅛ | 6.57 |
| Nippon Yen. 3½ 85 DM | 1/79 | 251 | *195⅛ | 96⅛ | −0⅛ | 3.58 |
| Nissan Diesl. 3½ 86 DM | 2/79 | 477 | †94⅛ | 95⅛ | +0⅛ | 7.51 |
| Olymp. Opt. 3½ 85 DM | 2/79 | 703 | †99⅞ | 100⅛ | +0⅛ | −3.01 |
| Ricoh 3½ 86 DM | 10/78 | 517 | †100 | 101 | −0⅛ | 11.79 |
| Sankyo Elec. 3¾ DM | 8/78 | 869 | †110⅛ | 111⅛ | −1⅛ | 8.46 |
| Sanyo Electric 3½ DM | 11/78 | 295 | †89⅛ | 90⅛ | +0⅛ | 6.46 |
| Seiyu Strs. 3¾ 86 DM | 9/78 | 1275 | *112⅛ | 113⅛ | 0 | −1.35 |
| Sharp Cp. 3½ 88 DM | 2/79 | 487 | *91⅛ | 91⅞ | −0⅛ | −1.63 |
| Stanley Elec. 3½ DM | 11/78 | 623 | *93⅛ | 94⅛ | +0⅛ | 10.07 |
| Tokyo Elec. 3½ 87 DM | 4/79 | 476 | *96⅛ | 97⅛ | +0⅛ | −0.90 |
| Trio Knwd. 3½ 86 DM | 11/78 | 711 | †86⅛ | 87⅛ | +0⅛ | 18.98 |

* No information available—previous day's price.
† Only one market maker supplied a price.

**Straight Bonds:** The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

**Floating Rate Notes:** Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

**Convertible bonds:** Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الأصل



# INTL. COMPANIES and FINANCE

# Talks on $220m loan for Zaire put into abeyance

BY MICHAEL HOLMAN

KINSHANSA — Negotiations for a $220m loan to Zaire from a consortium of western banks co-ordinated by Citibank of New York are in abeyance and unlikely to be revived until the second quarter of this year, according to bankers here.

The loan, first mooted two years ago and involving over 50 banks, has two main preconditions. Zaire has to eliminate arrears in repayments of principal and interest loans from commercial banks, and has agreed to an IMF stabilisation programme.

However, arrears have been steadily mounting since negotiations began, and are now thought to exceed $200m. According to the bankers, the view of the Banque du Zaire (the central bank) is that little purpose would be served by meeting arrears—even if this were possible — simply to qualify for a loan approximately equal to the amount paid off.

Senior western economists here are optimistic that agreement on an IMF programme will be reached in the next two or three months, thus meeting the second of the loan conditions. Under those circumstances, the bankers say, negotiations could be revived, probably in the second quarter.

The loan, which would have a five-year maturity and interest payable at a margin of 2¼ per cent over inter-bank rates, had been earmarked for payments of essential imports, particularly in the transport and agricultural sectors. When negotiations began, the loan was seen as part of an effort to restore international confidence in Zaire. But events overtook it—notably the invasions of the copper and cobalt producing Shaba province in 1977 and May, 1978—which contributed to a continuing decline in the Zaire economy.

# Record year for Adam Opel

BY GUY HAWTIN IN FRANKFURT

ADAM OPEL, West Germany's second largest car manufacturer, has had a record year both for production and domestic demand.

Its output performance showed the first fruits of the group's DM5bn five-year capital investment programme which was announced in 1978.

All told, Opel produced some 959,202 vehicles—34,000 units more than in 1977. At the same time, the group manufactured 110,211 kits, excluding motors, for assembly overseas. This compares with the 1977 figure of 90,136 kits.

The General Motors subsidiary—known in Detroit as "the money machine"—was working to the limits of its capacity, just as it did in 1977 and 1976.

Although the group has been able to sell virtually every vehivle its works can turn out, there has been no major construction of new manufacturing plant under the five year plan. The vast bulk of its hefty investment has been channeled into rationalising and eliminating bottle-necks at existing plants.

Its total deliveries to the West German domestic market during 1978 amounted to 520,000 units, against 491,459 units in 1977.

Sales at this level lead Opel to expect a share of the domestic market running at between 19 and 20 per cent for 1978.

This means that its share of the home market is likely to be little changed from 1977, when it fell back from 20.2 per cent to 19.2 per cent. However, in view of the fact that its plants are operating at full capacity, Adam Opel has little to complain about.

In the export field, the Opel management reported a slight growth during 1978 with shipments up from 1977's 422,845 units to last year's 438,000. Foreign sales, the bulk of which go to other European countries, account for 45.7 per cent of the group's total production. For 1978, Opel is expecting its share of the overall European car motor market to amount to 9.2 per cent.

# State stake in Cockerill

BRUSSELS—The Belgian Banking Commission has recommended that the Government take a 28.9 per cent stake in the BF 7bn capital of Belgium's largest steel company, Cockerill SA, under its plan for restructuring the Belgian steel industry.

The Commission also recommended that the State participation in Thy-Marcinelle-Monceau should be 42.3 per cent and 30.9 per cent in Hainaut Sambre by converting part of the companies' debt into shareholdings.

The Commission, which was asked to give an expert opinion by the Government, said that final political decisions can only be taken by the Government itself.

# SCM not entitled to damages, says judge

By David Lascelles

NEW YORK—In a surprising judgment with a possible implications for future anti-trust legislation, the judge in the marathon SCM-Xerox case ruled on Friday that SCM was not entitled to damages even though the jury had found in its favour.

Last August, the jury supported most of SCM's charges that Xerox had monopolised the dry copier market by obstructing access to its patents. It also awarded SCM damages totalling $37.3m for the business it claimed it had lost as a result of Xerox's business practices. Under anti-trust law, this award could be trebled to $112m.

However, Judge Newman in the Federal District Court in Hartford, Connecticut, who had the final say on damages, apparently ignored the jury's recommendations after four months of deliberation.

In his lengthy judgment, he said that while companies like Xerox are obliged to give others access to their technology, there was nothing which said they should pay damages in cases where they have refused to license their inventions in the past. If damages were possible, he said inventors might be inhibited from developing or publicising their discoveries.

SCM, which has spent over $20m since first filing its suit in 1973, termed the judgment "appalling" and said it would appeal.

## Offer from Eastern

Eastern Airlines has formalised its $50 a share offer for National Airlines, writes our financial staff. Eastern said that it had made progress towards financing the offer. Pan American World Airways, which has also offered t oacquire National, is currently holding more than 20 per cent of National's stock

# UK PENDING DIVIDENDS and ISSUES

| | Date | Announcement last year | | Date | Announcement last year |
|---|---|---|---|---|---|
| Alexanders Discount | Jan. 23 | Final 8.833 | Hogg Robnsn. | Jan. 9 | Int. 3.63 |
| *Allied Textile | Jan. 25 | Final 3.960 | *Inchcape | Jan. 25 | Int. 6.0 |
| Anglia Television | Jan. 16 | Final 2.3033 | *Jhnson.-Richards (H. and R.) | Jan. 10 | Int. 3.272 |
| Assocd. Paper Industries | Jan. 19 | Final 1.804 | Kenning Mtr. | Jan. 11 | Final 2.66 |
| Associated Engineering | Dec. 15 | Final 3.42 | *Linfood | Jan. 11 | Int. 3.0 |
| Associated Dairies | Dec. 14 | Int. 0.45 | *Lloyds Bank | Feb. 16 | Final 4.938 |
| BAT Inds. | Jan. 31 | Int. 4.4 | Lonrho | Jan. 30 | Final 4.2212 |
| Bank Leumi (UK) | Jan. 17 | Final 4.884 | Magnet and Southerns | Jan. 18 | Int. 3.5 |
| *Berisford (S. and W.) | Jan. 18 | Final 4.75 | *McCorquodale | Jan. 10 | Final 9.74 |
| Berry Wiggins | Oct. 8 | Final nil | Prop. Security Inv. Trust | Jan. 17 | Int. 0.75 |
| British Electric Traction | Jan. 19 | Int. 1.884 | *Rank Org. | Jan. 24 | Final 6.849 |
| Brown (J.) | Jan. 27 | Int. 4.63 Icst. | *Raybeck | Jan. 10 | Int. 1.0128 |
| *Butterfield-Harvey | Jan. 11 | Int. 1.125 | SGB | Jan. 10 | Final 2.754 |
| Courts (Furnishers) | Jan. 17 | Int. 1.5586 | Smith Inds. | Jan. 24 | Final 4.2603 |
| Davy Corpn. | Jan. 24 | Int. 3.63 | Steetley Inds. | Nov. 9 | Int. nil |
| Dixons Photo | Jan. 19 | Int. 0.9075 | [illegible] Conversion | Jan. 18 | Int. 0.99 |
| *English China Clays | Jan. 11 | Final 1.8038 | Tate & Lyle | Jan. 26 | Final 3.1 |
| Fitch Lovell | Jan. 26 | Int. 1.2778 | Thorn Electrical | Jan. 13 | Int. 2.45 |
| Gestetner | Jan. 17 | Final 2.0244 | Throgmorton Trust | Jan. 28 | Final 2.375 |
| Grand Metrop. | Jan. 20 | Final 2.6473 | Trident Television | Jan. 17 | Final 1.981 |
| Guinness Peat | Jan. 26 | Int. 4.25 | Turner Manufacturing | Jan. 13 | Final 2.293 |
| Hambro Tst. | Jan. 26 | Int. 0.65 | *Union Discount | Jan. 24 | Final 12.583 |
| Henlys | Jan. 18 | Fnl 5.684 Icst. | Ward (T. W.) | Jan. 4 | Final 2.665 |
| Hickson and Welch | Jan. 12 | Final 6.7486 | *Westland Aircraft | Jan. 10 | Final 1.6726 |

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

The dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. Dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

## EQUITIES

| Issue Price p | Amount Paid Up | Latest Renunc. Date | 1978 High | 1978 Low | Stock | Closing Price p | + or − | Div. | Times Covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| A$0.50 | F.P. | — | 78 | 51 | Ashton Mining Nic. | 76 | +2 | — | — | — | — |
| A$195 | F.P. | 26/1 | 106 | 100 | †Aust. Farming A$1 | 105 | — | — | — | — | — |
| 155 | F.P. | 10/1 | 176 | 171 | HarrisQueensway 10p | 171 | — | 7.8 | 3.1 | 6.8 | 7.1 |
| 59 | F.P. | 5/1 | 81 | 63 | Kitchen Queen 10p | 79 | — | 1.54 | 8.4 | 2.9 | 4.8 |
| 110 | F.P. | — | 158 | 115 | Mill'tsL's'r&Shps 25p | 131 | — | 5.7 | 1.6 | 6.5 | 12.6 |

## FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid Up | Latest Renunc. Date | 1978 High | 1978 Low | Stock | Closing Price £ | + or − |
|---|---|---|---|---|---|---|---|
| ¶ | F.P. | 16/2 | 100p | 100p | Assoc. Dairies 9¾% Pref. | 100p | — |
| ¶ | F.P. | 26/1 | 100 | 99¾ | Colne Valley Water 8% Red. Prf. 1983 | 101 | — |
| £100p | F.P. | 29/12 | 100 | 99p | Findlay 9% Cnv. Cum. Red. Prf. | 100p | +1 |
| £100p | Nil | 5/1 | 6pm | 5pm | Hawley-Goodall 12% Cnv. Uns. Ln. '85-89 | 4pm | −2 |
| £98 | F.P. | 29/12 | 99p | 97p | Newman Inds. 10¼% Acc. Pref. | 97p | — |
| £ | £10 | — | 13¼ | 10 | Mid Kent Water 8% Prf. 1984 | 10½ | — |
| 99 | Nil | 11/1 | 1pm | ¼pm | Rivington Road 8½% Cnv. Cum. Pref. | 1pm | — |
| 97p | F.P. | 5/1 | 99p | 98p | Scancope 10¼% Pf. | 99p | — |

## "RIGHTS" OFFERS

| Issue Price p | Amount Paid Up | Latest Renunc. Date | 1978 High | 1978 Low | Stock | Closing Price p | + or − |
|---|---|---|---|---|---|---|---|
| 560 | F.P. | 8/12 12/1 | 645 | 568 | Beecham | 627 | — |
| 17 | F.P. | 15/12 26/1 | 20¼ | 19½ | Boulton (Wm.) | 19½ | — |
| 77 | F.P. | 29/12 9/2 | 90 | 69 | Capper-Neill | 69 | — |
| 305 | F.P. | 15/12 12/1 | 122 | 107 | Clifford Chas. | 132 | — |
| 105 | F.P. | 15/12 12/1 | 135 | 124 | Coxon Gp. | 110 | — |
| 48 | Nil | 3/1 9/2 | 9pm | 5pm | Foster John | 5pm | — |
| 130 | F.P. | 1/12 12/1 | 142 | 138 | Hoskins & Horton | 138 | — |
| 210 | Nil | 6/1 9/2 | 35pm | 22pm | Lep Group | 27pm | — |
| 125 | F.P. | 15/12 12/1 | 161 | 150 | M. L. Holdings | 152 | — |
| 100 | Nil | 5/1 26/1 | 15pm | 12pm | Milbury | 12pm | — |
| 80 | F.P. | 15/12 12/1 | 110 | 95 | Stothert & Pitt | 96 | — |
| 62 | F.P. | 18/12 15/1 | 76 | 67 | Tern Consulate | 76 | — |
| 236 | Nil | 10/1 9/2 | 7pm | 6pm | Tern Fine Woollen | 6pm | — |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Assumed dividend and yield. e Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. g Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.
45 Cornhill, London EC3V 3PB. Tel.: 01-623 6314.
Index Guide as at December 28, 1978
Capital Fixed Interest Portfolio 100.20
Income Fixed Interest Portfolio 100.40

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at December 19, 1978 (Base 100 on 14.1.77)
Clive Fixed Interest Capital 129.92
Clive Fixed Interest Income 114.50

I.G. Index Limited 01-351 3466. Three months Aluminium 614-619
29 Lamont Road, London SW10 0HS.
1. Tax-free trading on commodity futures.
2. The commodity futures market for the smaller investor.

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 12½% | ■ Hambros Bank | 12½% |
| Allied Irish Banks Ltd. | 12½% | ■ Hill Samuel | §12½% |
| Amro Bank | 12½% | C. Hoare & Co. | †12½% |
| American Express Bk. | 12½% | Julian S. Hodge | 13½% |
| A P Bank Ltd. | 12½% | Hongkong & Shanghai | 12½% |
| Henry Ansbacher | 12½% | Industrial Bk. of Scot. | 12½% |
| Associates Cap. Corp. | 12½% | Keyser Ullmann | 12½% |
| Banco de Bilbao | 12½% | Knowsley & Co. Ltd. | 14½% |
| Bank of Credit & Cmce. | 12½% | Lloyds Bank | 12½% |
| Bank of Cyprus | 12½% | London Mercantile | 12½% |
| Bank of N.S.W. | 12½% | Edward Manson & Co. | 13½% |
| Banque Belge Ltd. | 12½% | Midland Bank | 12½% |
| Banque du Rhone et de la Tamise S.A. | 13% | ■ Samuel Montagu | 12½% |
| Barclays Bank | 12½% | ■ Morgan Grenfell | 12½% |
| Barnett Christie Ltd. | 13½% | National Westminster | 12½% |
| Bremar Holdings Ltd. | 13½% | Norwich General Trust | 12½% |
| Brit. Bank of Mid. East | 12½% | P. S. Refson & Co. | 12½% |
| ■ Brown Shipley | 12½% | Rossminster | 12½% |
| Canada Perm't Trust | 12½% | Royal Bk. Canada Trust | 12½% |
| Cayzer Ltd. | 12½% | Schlesinger Limited | 12½% |
| Cedar Holdings | 12½% | E. S. Schwab | 12½% |
| ■ Charterhouse Japhet | 12½% | Security Trust Co. Ltd. | 13½% |
| Choulartons | 12½% | Shenley Trust | 14% |
| C. E. Coates | 12½% | Standard Chartered | 12½% |
| Consolidated Credits | 12½% | Trade Dev. Bank | 12½% |
| Co-operative Bank | *12½% | Trustee Savings Bank | 12½% |
| Corinthian Securities | 12½% | Twentieth Century Bk. | 13½% |
| Credit Lyonnais | 12½% | United Bank of Kuwait | 12½% |
| Duncan Lawrie | 12½% | Whiteaway Laidlaw | 13% |
| The Cyprus Popular Bk. | 12½% | Williams & Glyn's | 12½% |
| Eagil Trust | 12½% | Yorkshire Bank | 12½% |
| English Transcont. | 12½% | | |
| First Nat. Fin. Corp. | 14% | | |
| First Nat. Secs. Ltd. | 14% | | |
| ■ Antony Gibbs | 12½% | | |
| Greyhound Guaranty | 12½% | | |
| Grindlays Bank | 12½% | | |
| ■ Guinness Mahon | 12½% | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%. 1-month deposits 10¼%.
† 7-day deposits on sums of £10,000 and under 10% up to £25,000 10½% and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

## Public Works Loan Board rates

Effective from December 16

| Years | Quota loans repaid by EIP† | A‡ | at maturity§ | Non-quota loans A* repaid by EIP† | A‡ | at maturity§ |
|---|---|---|---|---|---|---|
| Up to 5 | 12¼ | 12⅝ | 12⅞ | 13¼ | 13¼ | 13⅜ |
| Over 5, up to 10 | 12⅞ | 12⅞ | 13⅛ | 13⅜ | 13½ | 13⅝ |
| Over 10, up to 15 | 13¼ | 13½ | 13¼ | 13⅜ | 13⅝ | 13⅞ |
| Over 15, up to 25 | 13½ | 13⅞ | 13⅞ | 13⅞ | 13⅞ | 14 |
| Over 25 | 13⅜ | 13⅞ | 13¼ | 13⅞ | 14 | 14 |

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

## Mid-year rise for Ailsa Investments

Profit for Ailsa Investment Trust rose from £185,219 to £217,113 in the half year to November 30, 1978, after tax of £116,652 against £97,502 previously. Net asset value per 25p share at halftime was up 13.7p at 179.9p.

The net interim dividend is raised to 2.5p (1.9p) but the directors stress that this increase is to reduce disparity and should be taken to imply any increase in the final which was 2.92871p last time.

## Confidence at Kwik Save

At the annual meeting of the Kwik Save Discount group Mr. I. F. D. Hill, chairman, underlined his quiet confidence for the future.

He said trade was running at a satisfactory level, and pointed to eventual benefits of the integration of the Cee-n-Cee Stores into the group.

The £3.35m investment in Cee-n-Cee had not altered other plans for store expansion and a further 30 stores were expected to be opened in the next financial year, said Mr. Hill.

# CURRENCIES, MONEY and GOLD

# Gold's $60 rise

BY COLIN MILLHAM

Gold trading tended to fizzle out in the London bullion market as 1978 drew to a close. The year ended on a fairly firm note as far as the metal's price was concerned, however, after 12 months of fairly steady appreciation, with any setbacks more than compensated by the extreme weakness of the dollar.

The major fears have centred around the large volume of gold likely to come on the market over the next year, following the decision by the U.S. authorities to auction 1.5m ounces each month. In October 300,000 ounces were auctioned by the U.S. Treasury, followed by 750,000 ounces in November, doubled to 1.5m ounces from December.

The December auction went remarkably well as far as the market was concerned, following an equally encouraging reaction to the IMF auction of 470,000 ounces on December 6. The next IMF auction is tomorrow, where a considerable improvement from the average price of $196.06 in December can be expected. On December 7 gold rose $2¼ to $198⅝, after the IMF auction, and was steady at around $216 on December 20, after the Treasury auction.

November's support package for the dollar pushed the metal down sharply. On October 31 it closed at $242¾, and on November 1 at $227.

The highest level touched during the year was $245¼ during trading on October 30, but one month later it fell to a day's low of $193½. The recovery in December was therefore quite encouraging, finishing the year at $226⅜, for a rise of $61⅛ during 1978, compared with an increase of $30¼ in 1977, and a fall of $5⅞ in 1976.

Gold began its climb in 1978 from the very first trading day, when it rose $4 to $169¼, reflecting the weakness of the dollar. The weakness of the U.S. currency was the major factor throughout the year, with the $200 level proving no psychological barrier.

Performance in 1979 will depend on the dollar's value in the foreign exchange market once again. Further large offerings of 1.5m ounces a month from the U.S. Treasury may depress gold, if the dollar improves, but this is a question that only time will answer.

## GOLD

| | Dec. 29 | Dec. 28 |
|---|---|---|
| Gold Bullion (a fine ounce) | | |
| Close | $226-226⅜ | $221¾-222 |
| Opening | $225¾-224 | $225-225½ |
| Morning fixing | $224.50 (£110.265) | $225.00 ([illegible]) |
| Afternoon fixing | $226.60 (£110.678) | $220.65 (£108.692) |
| Gold Coins, domestically | | |
| Krugerrand | $237½-239½ (£116½-117½) | $234½-236½ (£115½-116½) |
| New Sovereigns | $63½-65½ (£31½-32½) | $63½-65½ (£31½-32½) |
| Old Sovereigns | $63½-65½ (£31½-32½) | $62½-64½ (£31-32) |
| Gold Coins, internationally | | |
| Krugerrand | $231-235 (£115½-114½) | $227½-229½ (£112½-113¼) |
| New Sovereigns | $63½-61½ (£25½-30½) | $63½-60½ ([illegible]) |
| Old Sovereigns | $63½-65½ (£31½-32½) | $62½-64½ (£31-32) |
| $20 Eagles | $298-300 | $297-299 |
| $10 Eagles | $168-171 | $165-170 |
| $5 Eagles | $110-115 | $110-115 |

## CURRENCY RATES

| DATE | Special Drawing Rights | European Unit of Account |
|---|---|---|
| Sterling | 0.640349 | 0.675274 |
| U.S. dollar | 1.30279 | 1.37688 |
| Canadian dollar | 1.54511 | 1.62918 |
| Austrian schilling | 17.4150 | 18.2739 |
| Belgian franc | 37.5204 | [illegible] |
| Danish krone | 6.63120 | 6.99113 |
| Deutsche Mark | 2.38150 | 2.50868 |
| Guilder | 2.56519 | 2.71453 |
| French franc | 5.44566 | 5.75538 |
| Lira | 1090.99 | 1140.06 |
| Yen | 253.523 | 265.566 |
| Norwegian krone | 6.54326 | 6.90841 |
| Peseta | 91.3386 | [illegible] |
| Swedish krona | 5.59813 | 5.86949 |
| Swiss franc | 2.10726 | 2.22839 |

## THE POUND SPOT / FORWARD AGAINST £

| Dec. 29 | Bank rate % | Day's Spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|---|
| U.S. $ | 9½ | 2.0288-2.0440 | 2.0405-2.0425 | 0.23-0.13c. pm | 1.06 | 0.48-0.38c. pm | 0.84 |
| Canadian $ | 10¾ | 2.4055-2.4150 | 2.4165-2.4185 | 0.45-0.35c. pm | 1.99 | 1.05-0.95c. pm | 0.94 |
| Guilder | 6½ | [illegible] | 4.02-4.05 | 1 c. pm-par | 1.49 | 3½-2½ c. pm | 2.98 |
| Belgian F | 6 | 58.50-58.90 | 58.75-58.85 | 15-5 c. pm | 2.04 | 50-40 c. pm | −3.06 |
| Danish K | 8 | 10.52-10.59 | 10.37-10.39 | ¼ore pm-1¾ dis | −0.87 | 5¼-6¼ ore dis | −1.64 |
| D mark | 5 | 3.69¼-3.72¼ | 3.71-3.72 | 2⅜-2⅜ pf pm | 8.40 | 9-8 pf pm | 9.15 |
| Port. Esc. | 18 | 93.28-94.00 | [illegible]-94.00 | 50-100 c. dis | −9.60 | 120-280 c. dis | −8.53 |
| Span. Pes. | 8 | 142.70-145.00 | 142.90-143.00 | 40-110 c. dis | −6.30 | 220-320 c. dis | −7.56 |
| Lira | 10½ | 1,686-1,694 | 1,687-1,689 | 1-5 lire dis | −1.42 | 4-7 lire dis | −1.30 |
| Nrwgn. K. | 7 | 10.17-10.24 | 10.22-10.24 | 2½-½ ore pm | 1.76 | 5½-5¼ ore pm | 1.78 |
| French Fr. | 9½ | 8.48-8.52 | 8.49½-8.51½ | ¼c. pm-¼c dis | par | 5½-4½ c. pm | 2.47 |
| Swedish Kr | 6½ | [illegible] | 8.75-8.75 | 5-1 ore pm | 2.82 | 6¼-4¼ ore pm | 2.40 |
| Yen | 3½ | 390-400 | 395½-397½ | 4.60-4.20y pm | 13.32 | 12.20-11.85 y pm | 12.0 |
| Austria Sch | 4½ | 27.10-27.25 | 27.15-27.18 | 16.5 gro pm | 5.74 | 45-35 gro pm | 5.895 |
| Swiss Fr. | 1 | 3.28-3.32 | 3.30-3.31 | 3½-2¾ c. pm | 12.25 | 10½-9¼ c. pm | 12.1 |

Belgium rate is for convertible francs. Financial franc 59.80-59.90.

Six-month forward dollar 0.82-0.72c pm, 12-month 1.95-1.85c pm.

## THE DOLLAR SPOT AND FORWARD

| Dec. 29 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| | | † U.S. cents per Canadian $. | | | | |
| Canada† | 84.30-84.45 | 84.30-84.33 | 0.05-0.07c pm | 0.58 | 0.18-0.20c pm | 0.83 |
| Nethlnd. | 1.9500-1.9800 | 1.9700-1.9730 | 0.22-0.12c pm | 0.94 | 1.17-1.07c pm | 2.26 |
| Belgium | 28.81-28.91 | 28.88-28.91 | 3-1c pm | 0.77 | 18-15c pm | 2.32 |
| Denmark | 5.0750-5.0930 | 5.0850-5.0980 | 0.40-0.90ore dis | −1.18 | 3.00-3.50ore dis | −2.36 |
| W. Ger. | 1.8205-1.8285 | 1.8205-1.8235 | 1.34-1.24pf pm | 7.70 | 3.82-3.72pf pm | 8.25 |
| Portugal | 45.80-46.20 | 45.80-46.00 | 35-45c dis | −10.40 | 75-145c dis | −9.59 |
| Spain | 70.25-70.37 | 70.25-70.28 | 30-50c dis | −6.21 | 125-155c dis | −7.97 |
| Italy | 827.50-833.50 | 829.60-831.00 | 1.00-2.00lire dis | −1.97 | 4.50-5.60lire dis | −2.40 |
| Norway | 5.0000-5.0120 | 5.0100-5.0120 | 0.75-0.25ore pm | 1.09 | 1.60-1.10ore pm | 1.08 |
| France | 4.17-4.19¼ | 4.17-4.18 | 0.60-0.40c pm | 1.20 | 2.70-2.40c pm | 2.44 |
| Sweden | 4.2870-4.2940 | 4.2890-4.2910 | 1.00-0.80ore pm | 2.29 | 2.10-1.90ore pm | 1.86 |
| Japan | 194.30-194.80 | 194.40-194.60 | 2.05-1.80y pm | 11.08 | 5.55-5.35y pm | 11.21 |
| Austria | 13.35½-13.40 | 13.35½-13.37½ | 6.25-5.25gro pm | 4.68 | 18.50-16.00gro pm | 5.15 |
| Switz. | 1.6150-1.6260 | 1.6150-1.6190 | 1.62-1.55c pm | 10.78 | 4.74-4.69c pm | 11.69 |

## OTHER MARKETS

| Dec. 29 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 2.037-2.057 | 997-1007 | Austria | 26¾-27½ |
| Australia Dollar | 1.7715-1.7765 | 0.8700-0.8710 | Belgium | 59½-60½ |
| Brazil Cruzeiro | 42.05-43.03 | 20.59-21.08 | Denmark | 10.30-10.40 |
| Finland Markka | 8.00-8.01 | 3.9165-3.9215 | France | 8.45-8.60 |
| Greek Drachma | 72.389-74.156 | 35.45-36.35 | Germany | 3.65-3.75 |
| Hong Kong Dollar | 9.7575-9.7875 | 4.7985-4.4995 | Italy | 1,645-1,695 |
| Iran Rial | 152.17-160.29 | 75-79 | Japan | 397-402 |
| Kuwait Dinar (KD) | 0.547-0.557 | 0.2725-0.2735 | Netherlands | 3.95-4.05 |
| Luxembourg Frc. | 58.50-58.65 | 29.80-29.85 | Norway | 10.10-10.25 |
| Malaysia Dollar | 4.4720-4.4950 | 2.2035-2.2045 | Portugal | 93-99 |
| New Zealand Dlr. | 1.9085-1.9165 | 0.9380-0.9410 | Spain | 146-148 |
| Saudi Arab. Riyal | 6.69-6.79 | 3.3100-3.3210 | Switzerland | 3.25-3.35 |
| Singapore Dollar | 4.3920-4.4120 | 2.1620-2.1630 | United States | 2.0400-2.0500 |
| Sth. African Rand | 1.7521-1.7784 | 0.8582-0.8711 | Yugoslavia | 41-44 |

Rate given for Argentina is free rate.

## EXCHANGE CROSS RATES

| Dec. 29 | Pound Sterling | U.S. Dollar | Deutschem'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild'r | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 2.042 | 3.715 | 396.5 | 8.505 | 3.305 | 4.025 | 1688. | 2.418 | 58.80 |
| U.S. Dollar | 0.490 | 1. | 1.820 | 194.2 | 4.166 | 1.619 | 1.972 | 826.8 | 1.184 | 28.80 |
| Deutsche mark | 0.269 | 0.550 | 1. | 106.7 | 2.289 | 0.890 | 1.085 | 454.4 | 0.651 | 15.85 |
| Japanese Yen 1,000 | 2.522 | 5.149 | 9.369 | 1000. | 21.45 | 8.335 | 10.15 | 4257. | 6.097 | 148.3 |
| French Franc 10 | 1.176 | 2.400 | 4.368 | 466.2 | 10. | 3.886 | 4.733 | 1985 | 2.842 | 69.14 |
| Swiss Franc | 0.303 | 0.618 | 1.124 | 120.0 | 2.573 | 1. | 1.218 | 510.7 | 0.731 | 17.79 |
| Dutch Guilder | 0.248 | 0.507 | 0.923 | 98.51 | 2.113 | 0.821 | 1. | 419.4 | 0.601 | 14.61 |
| Italian Lira 1,000 | 0.592 | 1.209 | 2.201 | 234.4 | 5.039 | 1.958 | 2.384 | 1000. | 1.432 | 34.85 |
| Canadian Dollar | 0.414 | 0.844 | 1.537 | 164.0 | 3.518 | 1.367 | 1.665 | 698.2 | 1. | 24.32 |
| Belgian Franc 100 | 1.701 | 3.472 | 6.318 | 674.5 | 14.46 | 5.621 | 6.845 | 2871. | 4.111 | 100. |

## LONDON MONEY RATES

| Dec. 29 1978 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposit | Treasury Bills ◆ | Eligible Bank Bills ◆ | Fine Trade Bills ◆ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 7-12 | — | — | — | 11 | 10¼-11½ | — | — | — |
| 2 days notice | — | — | 11¼-11⅜ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | 11⅛ | — | — | — | — |
| 7 days notice | — | 11-11⅛ | 11½-11⅞ | — | 12 | — | 11¼-12 | — | — | — |
| One month | 12-11⅞ | 11⅞-12 | 11⅞-12 | 12¼-12¾ | 12⅛ | 12⅛ | 11⅞ | 11⅞-11⅛ | 11⅞ | 12¼ |
| Two months | 12⅛-12⅛ | 12⅛-12⅛ | — | 12¼-12¾ | 12⅝ | — | 11¾ | 11⅞ | 12⅛-12⅛ | 12⅝ |
| Three months | 12⅜-12⅛ | 12⅛-12⅛ | 12⅛-12⅛ | 12¼-12¾ | 12⅞ | — | 11¾-12 | 11⅞-11⅞ | 12⅛ | 12⅝ |
| Six months | 12⅝-12⅛ | 12⅛-12⅛ | 12⅛ | 12¼-12¾ | 12¾ | — | — | — | 12⅛-12¼ | 12⅛ |
| Nine months | 12⅝-12¼ | 12⅛-12⅛ | — | 12⅝-12¾ | 12⅝ | — | — | — | — | — |
| One year | 12⅛-12⅛ | 12¼-12⅜ | 12-12¼ | 12¼-12¾ | 12⅛ | — | — | — | — | — |
| Two years | — | — | 12⅛-12⅝ | — | — | — | — | — | — | — |

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 12¼-12½ per cent; four years 12⅝-12¾ per cent; five years 12¾-12⅞ per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12¾-12¾ per cent; four-month trade bills 12¾ per cent.

## MONEY RATES

**NEW YORK**

| | |
|---|---|
| Prime Rate | 11.75 |
| Fed Funds | 11 |
| Treasury Bills (13-week) | [illegible] |
| Treasury Bills (26-week) | [illegible] |

**GERMANY**

| | |
|---|---|
| Discount Rate | 3 |
| Overnight | 3.75 |
| One month | 4.075 |
| Three months | 4.075 |
| Six months | 4.15 |

**FRANCE**

| | |
|---|---|
| Discount Rate | 9.5 |
| Overnight | — |
| Three months | [illegible] |
| Six months | 6.5625 |
| One month | [illegible] |

# World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on December 29, 1978, in some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

| Place and Local Unit | Value of £ Sterling | Place and Local Unit | Value of £ Sterling | Place and Local Unit | Value of £ Sterling | Place and Local Unit | Value of £ Sterling |
|---|---|---|---|---|---|---|---|
| Afghanistan Afghani | [illegible] | Falkland Is. (S) Falkland Is £ | 1.0 | Macao Pataca | 10.336 | St. Christopher (S) E. Caribbean $ | 5.5171 |
| Albania Lek | 10.1455 | Faro Is. Danish Krone | 10.36 | Madeira Portug'se Escudo | 95.75 | St. Helena St. Helena £ | 1.0 |
| Algeria Dinar | 7.8167 | Fiji Is. Fiji $ | 1.6780 | Malagasy Rp. MG Franc | 425¼ | St. Lucia E. Caribbean $ | 5.5171 |
| Andorra French Franc | 8.505 | Finland Markka | 8.005 | Malawi (S) Kwacha | 1.6862 | St. Pierre C. F. A. Franc | 425¼ |
| Andorra Spanish Peseta | 142.95 | France French Franc | 8.505 | Malaysia (S) Ringgit | 4.4835 | St. Vincent (S) E. Caribbean $ | 5.5171 |
| Angola Kwanza | n.a. | Fr. Cty in Af. C.F.A. Franc | 425¼ | Maldive Is. (S) Mal Rupee | 8.023 | Salvador El Colon | 5.1050 |
| Antigua (S) E. Caribbean $ | 5.5171 | Fr. Guiana Local Franc | 8.505 | Mali Rp. Mali Franc | 850.5 | Samoa (Am.) U.S. $ | 2.0415 |
| Argentina Ar. Peso Free Rate | 2.047 | Fr. Pac. Is. C.F.P. Franc | 154.64 | Malta (S) Maltese £ | 0.7580 | San Marino Italian Lire | 1688 |
| [illegible] | [illegible] | [illegible] | [illegible] | Martinique Local Franc | 8.505 | Sao Tome Port. Escudo | 95.75 |
| [illegible] | [illegible] | [illegible] | [illegible] | Mauritania Ouguiya | 85.386 | [illegible] | [illegible] |

* That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 85.743. § Based on cross rates against Russian rouble. ** Rate is the Transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate.

INSURANCE

# House price report has local flavour

BY OUR INSURANCE CORRESPONDENT

THE ANGLIA, Hastings and Thanet Building Society naturally does most of its business in the South East of England where house prices are the highest in the country. So the information released last week on its 33,000 transactions in 1978 most probably has a distinct *local flavour*.

Anglia, Hastings and Thanet's analysis shows that average prices for all new homes rose by 31.5 per cent during the year: Post 1919 properties averaged 30 per cent movement while pre 1919 properties increased by 24.5 per cent, average prices in London rose by 47 per cent, but of those properties the society handled away from the South East, the lowest price rises were recorded in the East Midlands and Scotland and averaged only 15 per cent.

By contrast, during the year the housing cost index produced monthly by the Royal Institution of Chartered Surveyors has moved by about 10 per cent. This index deals with construction and re-construction costs and takes account of price movements of labour and materials. It is to this index that household insurers generally link policyholders' sums insured on buildings as distinct from contents.

In recent years, insurers have been trying to make it clear to all policyholders that home buildings sums insured must normally be accurately related to reconstruction costs and not market values.

In theory, the market value of a new or modern house ought to exceed reconstruction costs because, if the home is destroyed, the land remains and this must have some value. Certainly until a few years ago, at a time when inflation was running gently in low single figures, it was normally practical good *sense for the house purchaser* to take out buildings cover for his purchase price and thereby get a hedge against inflation of reconstruction costs for the next few years.

With the rapid inflation of the mid-1970's, the market value *minus re-construction cost* equals land value equation had become unbalanced: for an increasing number of properties reconstruction costs had begun to get ahead of market value, so that in the last year or two, more and more policyholders *had begun to argue that market* value should be the insurance yardstick — their argument being that, in *the event of total* loss, they would not rebuild but move.

The news released by Anglia, Hastings and Thanet is a sign that, for new and modern properties, market values and reconstruction costs are on their way to resuming their traditional relationship. If other building societies come up with similar information, then insurers will be reinforced in the stand they have taken on sums insured being linked to reconstruction costs and the home owners' option to move rather than rebuild in the event of substantial damage or worse, will have proved a transient phenomenon.

But the problem of the older property still remains. Many Edwardian, Victorian and *older* properties are so built that, even in normal financial times —whatever they are—the cost of reconstruction must substantially outweigh market value, perhaps by two or three times.

Perhaps as time goes on, and *the disparity between market* value and reconstruction costs for the older home becomes a permanent, recognised feature, insurers may consider using a rating basis for such older property, different from that applied to homes built during the last 60-odd years.

## TEL AVIV

| Company | Prices Dec. 31 1978 | change on the week |
|---|---|---|
| **Banking, Insurance and Finance** | | |
| Bk. Leumi le Israel | 361.5 | + 8.0 |
| IDB Bankholding .. | 478 | + 21.0 |
| Bank Hapoalim Br. | 524 | + 13.0 |
| Un. Bk. Israel Br. | [illegible] | − 29.0 |
| Utd. Mizrahi Bk. ... | 248 | + 6.0 |
| Hassneh Ins. Br. ... | 429 | + 6.0 |
| Gnl Mrtg. Bk. Br. | 360 | − 11.0 |
| Tefahot Is. Mg. Bk. | 360.5 | − 34.5 |
| **Land Development** | | |
| Africa Isl. Inv. IE10 | 590 | − 6.0 |
| Israel Land Dvlp. | 250 | − 14.0 |
| Prop and Building | 404 | — |
| **Public Utility** | | |
| Isrl. Electric Cpn. | 331 | − 11.5 |
| **Investment Companies** | | |
| Bk. Leumi Inv. ... | 385 | − 14.0 |
| Clal Israel Invest. | 497 | − 8.0 |
| **Commercial and Industrial** | | |
| Alliance Tire Rbr. | 1,400 | — |
| Elco Br. ........ | 228 | − 23.0 |
| Argaman Txtl. Br. | 276 | − 12.0 |
| Ata Textile 'B' | 203 | + 20 |
| Ami Israeli Ppr. | 480 | + 1.0 |
| Assia ........ | 298 | + 11.0 |
| Elite ........ | 329 | − 7.0 |
| Teva Reg. ........ | 971 | + 151.0ex |
| **Fuel and Oil** | | |
| Delek ........ | 237.5 | − 7.50 |

Source: Bank Leumi le-Israel, Tel Aviv.

APPOINTMENTS

# Senior changes on Chloride Board

Sir Alastair Pilkington is joining the Board of CHLORIDE GROUP and will be appointed non-executive chairman at the next annual meeting. As already announced, Sir Alastair is to vacate his position as executive chairman of Pilkington Brothers in September 1980 but will remain on the Board of that company. He is a director of the Bank of England and of BP.

Sir Geoffrey Hawkins, Cloride's non-executive chairman, is 65 and intends to retire from the Board at the annual meeting. Mr. Geoffrey Cooper is now on the main Board of Chloride as director of business strategy.

Because these appointments will bring the number of directors up to 13, Chloride is seeking shareholders' agreement to increase the maximum number of directors permitted under the company's articles of association from 12 to 14 at an extraordinary general meeting on January 25. There are at present no plans to fill the further vacancy.

★

Mr. A. V. Lorch is retiring as executive director of COMALCO. He has accepted an appointment as chairman of THORN ELECTRICAL INDUSTRIES PTY. and is to join the Board of HOOKER CORPORATION. He has also become Victorian chairman of the ENTERPRISE AUSTRALIA organisation.

★

Mr. J. M. St. John Harris has been appointed a director of REA BROTHERS.

★

Mr. Ian P. Sword has been appointed managing director of INVERESK RESEARCH INTERNATIONAL and GLP SYSTEMS. He was formerly deputy managing director of INVERESK RESEARCH INTERNATIONAL.

★

Mr. J. W. Chesters has become chief dealer at LIBRA BANK. Mr. B. A. Ratcliffe has been made senior manager—credit, and Mr. J. de Pietro, senior regional manager.

★

Mr. J. P. Johnson has been appointed managing director of RHM AGRICULTURE in succession to Mr. Sydney Robinson who has become exceptive chairman of that division, which is within the Ranks McDougall Group.

★

Mr. John G. B. Watson has joined the main Board of JOHN WADDINGTON.

★

DALE ELECTRIC GROUP announces the following changes: Mr. Christoper J. Coole, company secretary for the last six years, has been appointed to the Board of DALE ELECTRIC INTERNATIONAL, the main holding company for the group. Mr. Iain Dale joins the Board of DALE ELECTRIC OF GREAT BRITAIN and is assistant to the managing director, Mr. Leonard Dale. Mr. George Artley becomes a director of DALE ELECTRICAL INSTLLATIONS and continues as general manager of that company. At W. E. CONYERS, the alternator manufacturing company, general manager, Mr. Eric Hall has been made a director. Mr. Neil Griffin, at present general manager of DALE PLANT HIRE, joins that Board.

★

Mr. R. C. Wilson has been appointed general manager and Mr. K. D. Richardson, deputy general manager of the HAVANA INTERNATIONAL BANK, a subsidiary of the Banco Nacional de Cuba.

★

Mr. J. R. M. Dryden has been appointed a deputy chairman of the CIVIL SERVICE APPEAL BOARD in succession to Miss K. L. Edwards, who is retiring. Mr. Dryden is on the staff side panel of the Board and until his retirement was secretary general of the Civil Service National Whitley Council (staff side).

★

Mr. Claude Kauffman has been appointed a director of STANDARD CHARTERED MERCHANT BANK and will establish an international bond division for the group. He was formerly a vice president of Wood Grundy.

★

Mr. R. S. Clarkson has been made investment manager of the SCOTTISH MUTUAL ASSURANCE SOCIETY. Mr. C. G. Thomson becomes senior assistant actuary and Mr. W. G. C. Sharp, joint pensions secretary.

## SINGAPORE

| Dec. 29 | $ | Dec. 29 | $ |
|---|---|---|---|
| **Industrials** | | Straits Trad'g | 4.86 |
| Boris ........ | — | Times Pub. Berhad | 3.04 |
| Boustead Co. | 227xd | U. Engineers | 1.34 |
| Boustead Bhd | †1.78 | U. Os's Bk. | 5.16 |
| Dunlop ........ | 4.46 | Wearnes ........ | 2.61 |
| Haw Par ........ | 3.80 | Tractors ........ | [illegible] |
| Fraser Neave | 4.96 | Chemical ........ | 4.54xd |
| Haw Par ........ | 1.67 | Wllm Jacks. | 1.36 |
| Home Ind ........ | 1.72 | **Rubbers** | |
| Inchcape ........ | 1.63xd | Batu Lintang | †192 |
| Malay Brew. | [illegible] | Dunlp Estate | 3.68 |
| Malay Cemt. | 3.20xd | Kampas ........ | 3.92 |
| Met. Bx Sing | 2.66xd | | |
| Os's Chin. Bk | 7.76 | | |
| Pan Electric | 1.42 | **Tins** | |
| Robinson Co. | †2.14 | Austral. Am. | — |
| Rothmans ........ | [illegible] | Berjuntai ........ | ‡6.75 |
| Shell ........ | †2.70 | Kamunting ........ | — |
| Sime Darby. | 2.90 | Kuchai ........ | — |
| Cold Storage | 2.12 | Lower Perak. | — |
| Straits Steam | 3.49 | Petaling Tin. | — |
| Straits Times (1976) Ltd. | †7.50 | Supreme Cp. | 1.78xd |
| | | Tongkah Har. | †2.36xd |

† Buyer. ‡ Seller. xd Ex dividend.

# WORLD STOCK MARKETS

## Indices

### NEW YORK — DOW JONES

| | Dec. 29 | Dec. 28 | Dec. 27 | Dec. 26 | Dec. 22 | Dec. 21 | 1978 High | 1978 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ♦Industrials | [illegible] | [illegible] | [illegible] | 816.01 | 808.47 | 794.75 | 907.74 (8/9) | 742.12 (28/2) | 1051.70 (11/1/73) | 41.22 (2/7/32) |
| H'me B'nds. | 84.54 | 84.77 | 84.69 | 84.83 | 84.91 | 84.92 | 89.86 (4/1) | 84.54 (29/12) | — | — |
| Transport. | 206.56 | [illegible] | [illegible] | 211.16 | 208.48 | 204.42 | 261.49 (8/9) | 199.31 (9/1) | 279.88 (7/2/69) | 12.23 (8/7/32) |
| Utilities | 98.24 | 98.14 | 98.09 | 98.51 | 98.21 | 97.77 | 110.98 (5/1) | 97.75 (20/12) | 165.52 (20/4/69) | 10.58 (28/4/42) |
| Trading vol. 000's | [illegible] | 25,440 | 25,580 | 21,470 | 23,730 | 28,700 | — | — | — | — |

♦ Day's high 812.29 low 800.58

| Ind. div. yield % | Dec. 22 | Dec. 15 | Dec. 8 | Year ago approx. |
|---|---|---|---|---|
| | 6.00 | 6.02 | 5.97 | 5.64 |

### STANDARD AND POORS

| | Dec. 29 | Dec. 28 | Dec. 27 | Dec. 26 | Dec. 22 | Dec. 21 | 1978 High | 1978 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ‡Industrials | 107.21 | 107.41 | 107.86 | 108.89 | 107.48 | 105.48 | 118.71 (12/9) | 95.52 (6/3) | 134.54 (11/1/73) | 3.52 (30/6/32) |
| §Composite | [illegible] | 96.28 | 96.69 | 97.52 | 96.31 | 94.71 | 106.99 (12/9) | 86.90 (6/3) | 125.85 (11/1/63) | 4.40 (1/6/32) |

| | Dec. 27 | Dec. 20 | Dec. 13 | Year ago (approx.) |
|---|---|---|---|---|
| Ind. div. yield % | 5.10 | 5.21 | 5.14 | 4.90 |
| Ind. P/E Ratio | 8.74 | 8.66 | 8.64 | 9.13 |
| Long Gov. Bond yield | 8.92 | 8.95 | [illegible] | 8.02 |

### N.Y.S.E. ALL COMMON

| Dec. 29 | Dec. 28 | Dec. 27 | Dec. 26 | 1978 High | 1978 Low |
|---|---|---|---|---|---|
| 53.62 | 53.88 | 53.90 | 54.36 | 60.38 (11/9) | 48.37 (6/3) |

Rises and Falls

| | Dec. 29 | Dec. 28 | Dec. 27 |
|---|---|---|---|
| Issues Traded | 1,972 | 1,957 | 1,943 |
| Rises | 801 | 461 | 451 |
| Falls | 758 | 1,043 | 1,037 |
| Unchanged | 413 | 453 | 455 |
| New Highs | 10 | 4 | 7 |
| New Lows | 110 | 103 | 78 |

| MONTREAL | Dec. 29 | Dec. 28 | Dec. 27 | Dec. 22 | 1978 High | 1978 Low |
|---|---|---|---|---|---|---|
| Industrial | 217.85 | 217.77 | 216.32 | 216.54 | 222.14 (11/10) | 152.90 (16/2) |
| Combined | 224.78 | 225.74 | 222.64 | 222.49 | 225.61 (12/10) | 170.52 (30/1) |
| TORONTO Composite | 1310.0 | 1300.1 | 1295.6 | 1298.3 | 1352.7 (12/10) | 998.2 (30/1) |
| JOHANNESBURG Gold | (u) | 254.2 | 250.3 | 249.6 | 272.0 (14/8) | 186.0 (20/4) |
| JOHANNESBURG Industrial | (u) | 269.7 | 268.2 | 270.9 | 281.8 (1/11) | 194.3 (13/5) |

| | Dec 29 | Previous | 1978 High | 1978 Low |
|---|---|---|---|---|
| Australia(¶) | 542.05 | 542.41 | 566.79 (22/9) | 411.19 (1/3) |
| Belgium (‖) | (c) | 96.01 | 101.16 (8/6) | 90.43 (23/6) |
| Denmark(**) | (c) | 88.96 | 98.95 (14/6) | 88.08 (30/10) |
| France (††) | 77.1 | 76.1 | 83.0 (4/10) | 47.6 (3/2) |
| Germany(‡‡) | (c) | 817.30 | 863.8 (19/10) | 769.4 (17/6) |
| Holland (§§) | 80.7 | [illegible] | 93.1 (11/9) | 76.0 (4/4) |
| Hong Kong (¶¶) | 495.51 | 500.09 | 707.70 (4/9) | 383.4 (13/4) |
| Italy (‖‖) | 63.83 | [illegible] | 82.25 (25/9) | 56.45 (10/1) |
| Japan (a) | (c) | 449.55 | 452.60 (13/12) | 364.04 (4/10) |
| Singapore(b) | 349.16 | 346.71 | 414.50 (6/9) | 252.0 (9/1) |

| | Dec. 29 | Previous | 1978 High | 1978 Low |
|---|---|---|---|---|
| Spain (d) | 89.57 | 89.55 | 110.78 (9/6) | 87.98 (17/6) |
| Sweden (e) | 361.51 | 361.15 | 408.00 (4/8) | 325.74 (3/1) |
| Switzerld(f) | (c) | 289.2 | 323.7 (14/2) | 281.6 (26/6) |

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

### FRIDAY'S ACTIVE STOCKS

| | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Ramada Inns | 325,800 | 8 | [illegible] |
| Occ. Pet. | 317,800 | 15⅞ | [illegible] |
| Chrysler | 316,400 | 8⅝ | [illegible] |
| Sears Roebuck | 308,500 | 19⅞ | [illegible] |
| Texaco | 285,900 | 23⅞ | [illegible] |
| R. L. Burns | 282,600 | 2⅞ | [illegible] |
| White Motor | 277,000 | 7⅞ | [illegible] |
| Eastern Air L. | 250,500 | 8½ | — |
| Pan-Am. Awys. | [illegible] | 6½ | [illegible] |
| U.S. Steel | 214,100 | 21¼ | [illegible] |

## EUROPE

### AMSTERDAM

| Dec. 29 | Price Fls. | + or − | Div. % | Yld. % |
|---|---|---|---|---|
| Ahold (Fl.20) | 114.5 | −0.5 | s18 | 4.9 |
| Akzo (Fl.20) | 28.5 | −0.1 | — | — |
| Alg'm Bk (Fl 100) | 369.5 | | A23½ | 6.4 |
| AMEV (Fl.10) | 89.5 | −0.3 | 50 | 5.6 |
| Amrob'k (Fl.20) | 74.8 | −0.4 | A23½ | 6.3 |
| Bijenkorf | 85.6 | −0.5 | 26 | 6.1 |
| [illegible] | | | | |

### BRUSSELS/LUXEMBOURG

| Dec. 29 | Price Frs. | + or − | Div. Frs. Net | Yld. % |
|---|---|---|---|---|
| Arbed | 2,090 | +40 | — | — |
| Bekaert "B" | 2,600 | | 116 | 4.5 |
| C.B.R. Cement | 1,010 | +10 | 100 | 9.9 |
| Cockerill | 436 | −3 | — | — |
| [illegible] | | | | |

### SPAIN ♥

December 29 — Per cent

| | | |
|---|---|---|
| Asland | [illegible] | + 4 |
| Banco Bilbao | 286 | — |
| Banco Atlantico (1,000) | 243 | — |
| Banco Central | 286 | — |
| Banco Exterior | 280 | + 4 |
| Banco General | 237 | — |
| Banco Granada (1,000) | 143 | — |
| [illegible] | | |

### TOKYO ¶

| Dec. 29 | Prices Yen | + or − | Div. % | Yld. % |
|---|---|---|---|---|
| Asahi Glass | 358 | | 10 | 2.0 |
| Canon | 485 | +4 | 12 | 1.2 |
| Casio | 898 | +12 | 25 | 1.4 |
| Chinon | 359 | | 20 | 2.8 |
| Dai Nippon Print | 580 | +5 | 18 | 1.6 |
| Fuji Photo | 668 | +3 | 15 | 1.1 |
| [illegible] | | | | |

Source Nikko Securities, Tokyo

### VIENNA

[illegible]

### COPENHAGEN ♦

[illegible]

### GERMANY ♦

[illegible]

### SWITZERLAND ♦

[illegible]

### MILAN

[illegible]

### OSLO

[illegible]

### PARIS

[illegible]

### STOCKHOLM

[illegible]

### BRAZIL

[illegible]

Turnover Cr.56.2m. Volume 55.5m. Source: Rio de Janeiro SE.

### HONG KONG

[illegible]

### JOHANNESBURG

[illegible]

Securities Rand $U.S.0.65 (Discount of 43.5%)

### AUSTRALIA

[illegible]

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

## WALL STREET

### NEW YORK

| 1978 High | 1978 Low | Stock | Dec. 29 |
|---|---|---|---|
| [illegible] | | Abbott Labs. | [illegible] |
| 64½ | 45⅛ | Corning Glass | 53¼ |
| 54½ | 42¼ | CPC Int'rn'tional | 49¼ |
| 36½ | 25⅛ | Crane | 35⅝ |
| 34½ | 25 | John Manville | 22⅞ |
| 88½ | 66 | Johnson Johnson | 73¾ |
| 53½ | 22¼ | Johnson Control. | 25¼ |
| 68½ | 50 | Revlon. | 51⅝ |
| 39¾ | 25¼ | Reynolds Metals. | 32⅝ |
| 64 | 52¼ | Reynolds R.J. | 56⅝ |
| [illegible] | | | |

### CANADA

[illegible]

EUROBONDS

# German banks gain from dollar's fall

IN THE international bond business, 1978 was the year of the D-Mark. The German currency accounted for 40 per cent of all Eurobond issues during the year. For a period towards the close it had effectively replaced the dollar as the currency of the primary international bond market. It was symbolic that the year should end with the U.S. issuing D-Mark securities to prop up the value of the American currency.

Conditions favoured the growth of the D-Mark sector. The image of the D-Mark as a strong currency set against the lurches of the dollar created sustained investment demand for D-Mark paper. At the same time the low coupon rate, typically 6 per cent, and lengthening maturities, encouraged borrowers coupled, perhaps, with their suspicion that the days of the D-Mark's really rapid advance were over.

The number and range of borrowers gave the D-Mark sector indigestion at two moments during the year, in the spring and late autumn, when the U.S. dollar staged temporary recoveries. In May the market was closed down for a time. Then in October-November it became overloaded slightly in advance of the Carter package. Deutsche Bank, which dominated the issuing business throughout the year, chose a rather vulnerable moment to start unloading DM 500m of Canada bonds which it had on its books.

The feeling that the market was becoming overloaded led to some quite lively discussion at the meetings of the capital markets sub-committee during the closing months. The calendar for DM 1.1bn of new issues in January had flexibility built into it to allow the German banks to adjust to prevailing market conditions.

New issue yields were on the rise as the year closed, with the European Investment Bank borrowing at a yield of 6.62 per cent. The quite lively state of the West German economy should ensure that yields continue to move up, though not dramatically, in the opening phases of the New Year.

This is, however, unlikely to hold the D-Mark sector back. The state of the world currency markets points firmly towards a shift of investment emphasis away from the dollar and towards the yen and the D-Mark—at least until such a time as the U.S. achieves the fundamental changes on the export and energy-import fronts that are needed to sustain the external value of its currency.

# Record year for FRN

UNDER the impact of rising dollar interest rates, activity in the floating rate sector of the Eurobond market rose sharply in 1978. Although the peak for floating rate note (FRN) issuing activity came in July (over $750m), the collapse of the straight dollar Eurobond market meant that FRNs accounted for virtually all the issuing activity in dollars in the last quarter of the year.

The basic rationale for floating rate notes is that they go far to eliminate risk for investors by imposing a time limit, usually six months, for the yield to be out-of-line with current short-term interest rates. But the issuing of FRNs only started on any scale in the current interest rate cycle and it was probably only in 1978 that portfolio managers—who traditionally prefer fixed rate instruments—decided to invest in FRNs on any scale.

Until 1978, the substantial new issue activity was sustained by the investment of banks and, to a small extent, corporate treasurers, for whom FRNs were an alternative to money market investments.

By the end of last year, three distinct types of FRNs could be distinguished: those issued in earlier years which carry more generous terms than recent issues; those issues, mostly by less developed countries, which were made as an alternative to syndicated Eurocurrency loans; and the rest—mostly issues by top quality banks from big industrial countries.

Due to favourable market conditions, terms of issues tended to become tighter during 1978. In particular, maturities lengthened considerably — 15 years is no longer infrequent.

● Pemex is launching a $100m five year FRN this week. Interest rate will be the higher of 7 per cent or a quarter of a point above LIBOR. Indicated issue price will be par, and lead managers Credit Commercial de France and Manufacturers Hanover Ltd.

NEW ISSUE VOLUME

# Down by a sixth in 1978

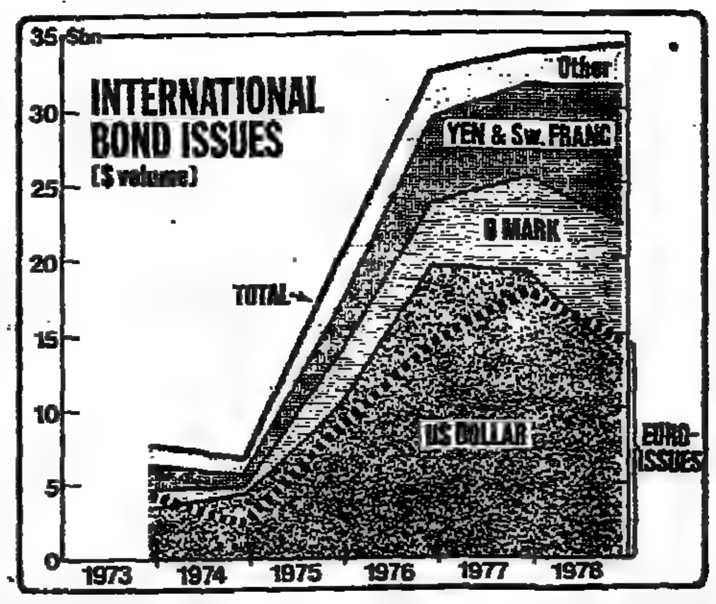
THE U.S. dollar's share in the overall volume of new Eurobond issues in 1978 was cut to only 50 per cent, reflecting the year's currency and interest rate upheavals which regularly disrupted the international bond markets.

At the same time, total new Eurobonds last year amounted to $14.7bn equivalent, a fall of 17 per cent on 1977's $17.7bn, according to Morgan Guaranty's World Financial Markets.

The dollar's half-share of the market, or $7.35bn of issues, compared with the 65 per cent taken in 1977.

In contrast, Deutsche Mark bonds equivalent to $5.7bn last year took a 40 per cent share —a dramatic improvement on the 23 per cent slice recorded in 1977.

On a broader basis, total international bond issues in 1978, including Yankee bonods, Yen Samurai issues, and Swiss franc flotations, showed little change at $34.17bn compared with 1977's $33.98bn.




Dollar issues, comprising both Eurodollar bonds and the $5.69bn of Yankee flotations, accounted for only 38 per cent of total volume compared with 56 per cent in 1977.

The Samurai sector showed a remarkable gain last year, with $3.82bn equivalent of issues launched, to account for 11 per cent of total international volume. This compares with a negligible 0.03 per cent the previous year.

Kredietbank SA Luxembourgeoise and Credit Lyonnais, also jointly releasing year-end statistics, calculate that Europe continues to rank as the major user of Eurobonds, taking 49.81 per cent of the total compared with 53.4 per cent in 1977.

Japan accounted for 10.62 per cent (7.3), the U.S. 9.11 per cent (6.7), Australia and New Zealand 6.42 per cent (5.8) and Canada 3.71 per cent (12.8).

In a year-end league table, the two banks calculate the top 20 managers of internationally syndicated isues in 1978, according to amount in billions of dollars. It is shown below.

LEADING MANAGERS IN 1978

| Bank, | Amount $bn | No. of issues |
|---|---|---|
| 1 Deutsche Bank (1) | 5.533 | 75 |
| 2 Westdeutsche Landesbank (4) | 4.481 | 81 |
| 3 Union de Banques Suisses (3) | 3.889 | 54 |
| 4 Credit Suisse First Boston (2) | 3.788 | 64 |
| 5 Swiss Bank Corp. (Overseas) (5) | 3.657 | 55 |
| 6 Dresdner Bank (6) | 3.502 | 53 |
| 7 Banque Nationale De Paris (12) | 3.455 | 52 |
| 8 Algemene Bank Nederland (18) | 2.537 | 36 |
| 9 Commerzbank (8) | 2.226 | 41 |
| 10 Kredietbank SA Luxembourgeoise (9) | 2.167 | 47 |
| 11 Banque de Paris et des Pays Bas (11) | 2.072 | 33 |
| 12 Amsterdam-Rotterdam Bank (10) | 2.061 | 23 |
| 13 Banque Bruxelles-Lambert (—) | 1.906 | 38 |
| 14 Credit Lyonnaise (14) | 1.771 | 36 |
| 15 S. G. Warburg (7) | 1.742 | 39 |
| 16 Societe Generale (15) | 1.741 | 30 |
| 17 Merrill-Lynch Intnl. (—) | 1.613 | 29 |
| 18 Salomon Brothers Intnl. (16) | 1.418 | 20 |
| 19 Orion Bank (17) | 1.411 | 26 |
| 20 Morgan Stanley Intnl. (19) | 1.279 | 15 |

Issues managed and co-managed. 1977 positions in brackets.

DOLLAR STRAIGHTS

# Gloomy start to the year

AS THE New Year opens, the biggest question facing operators in the straight dollar Eurobond market is how long it will be before new issue activity can be resumed on any scale. For two months— October and November—no new dollar fixed interest Eurobond issues at all were sold (the last time a whole month passed without a single issue was October 1974).

In December, there were two issues, both long term, to test the market. But while the response to the first (for Norsk Hydro) was encouraging and suggested that the long dark night might be over, the second issue (for the European Coal and Steel Community) dropped sharply in after-market trading. Although some of its weakness may be attributed to temporary end-year conditions, there seems little doubt that the renewed weakness of the dollar on the foreign exchange markets has once again undermined hopes of recovery.

KEY STATISTICS

| | end-1977 | end-1978 |
|---|---|---|
| DM/$ | 2.1080 | 1.8200 |
| SwFr/$ | 2.0010 | 1.6205 |
| Yen/$ | 239.65 | 194.15 |
| 3-month Euro$ rate | 7.4% | 11⅜% |
| Bondtrade yields: | | |
| Medium term | 7.83% | 8.58% |
| Long term | 8.32% | 9.31% |

During the year there were occasions when both investors and dealers thought that U.S. interest rates were close to their peak and that the dollar had stabilised. In the spring, for instance, the imposition of tough new controls on inflows into Switzerland prompted a sharp rally by the dollar. The hope that this meant a permanent stabilisation in the currency plus a quick peaking of interest rates turned into a mirage. Nevertheless, the scale of new issue activity in March, April and May was sufficiently high to grace the bull market. It is significant that over half the dollar fixed interest Eurobond issues arranged in the whole of 1978 was concentrated in these three months.

As 1978 closed, the outlook was harsh. In the first place there is no sign that the dollar's problems are over. Second, there is every indication that U.S. interest rates still have some way to rise before they peak out. At worst, it is arguable that the dollar's weakness has now become chronic and that this will altogether prevent U.S. interest rates falling back to their traditional cyclical lows.

The troubles of the dollar undoubtedly subjected the secondary market in dollar bonds to a severe test. The large fluctuations which followed the announcement of the Carter dollar defence package caused particular problems because dealers had to adjust from persistent selling pressure and prepare to satisfy potentially substantial buying orders while still short themselves.

For anyone who knew the market in 1973-74, however, the degree to which trading was maintained appeared remarkable.

# Peru signs rescheduling pact

Peru, through Banco de la Nacion, has signed the formal agreement with a syndicate of more than 250 international banks to reschedule approximately $800m in external debt to commercial banks, according to Manuel Moreyra Loredo, executive chairman of the Banco Central de Reserva del Peru, AP-DJ reports from New York.

FOREIGN BONDS

# Japanese bonds emerge and fade

SAMURAI yen bonds came under stiff competition from the government of Japan in the closing months of last year. The government's financing needs put a damper on an initially very active market. The same will probably happen in 1979.

Last year there were 29 yen foreign issues totalling Y722bn, compared with 15 issues for Y296bn in 1977. The latter half of the year, however, saw a rapid decrease from earlier levels as the market weakened sharply.

Foreign governments — some piqued at the terms being offered by Japanese underwriters—postponed or withdrew planned yen bonds, leaving no issuers at all in September and October. A partial recovery in the market, and expansion of the Ministry of Finance guidelines in the last two months, restored some order, but the total finally issued was considerably less than was originally projected.

The total for 1979 could fall. For the first quarter, there are only three or four issues expected (none of them in January) from Brazil, the Inter-american Development Bank (IDB), and Malaysia. Electricite de France (EDF) would like to float yen bonds, but its timing is still not certain.

Bond analysts foresee another weakening of the market by the spring, when the Government again gears up to float a record amount of bonds to cover the fiscal 1979 (from April) budget.

One novelty this year is the probable flotation of the first corporate Samurai. Sears, Roebuck and Co. hopes to be able to float an unsecured yen bond sometime in February or March, but it will find the rates it will have to pay much steeper than for Japanese corporate borrowers although its rating on international capital markets is higher.

The first hurdle for Sears will be for the Ministry of Finance finally to approve the issue of unsecured bonds by Japanese companies (still prohibited in practice).

The securities industry wants to establish a rating system for foreign companies first and then worry about Japanese companies. The MOF wants them to be in tandem.

# Swiss franc in demand

FOREIGN borrowers will continue to play an important role on the Swiss bond market in 1979. Coupons are likely to open the New Year at about 4 per cent for foreign Swiss franc issues, and the borower's currency risk seems much less than earlier this year. Since October, the permitted share of non-resident purchases of such bonds has been raised from 35 to 50 per cent, with a resultant spur to demand. The restrictions on foreign buying of Swiss franc securities should be further eased as soon as exchange rates show signs of long-term stabilisation.

Even in the face of the partial investment ban for non-residents which has been warding off a substantial volume of demand since February, foreign borrowers have been much in evidence. Final figures will probably show capital market issues of about SwFr 4.4bn for calendar 1978, as compared with some SwFr 3.7bn in 1977. Medium-term private placements also burgeoned in 1978, totalling SwFr 6.53bn for the first nine months alone; in January-September, 1977, the figure was of SwFr 5.69bn.

The New Year is expected to open with issues by New Zealand, the Asian Development Bank and ICI. The issue which will set the scene for the market, however, will be the U.S. "Carter bonds." The Swiss franc series, expected to be of about SwFr 3bn, will probably be placed in the second half of January. This might take place by the conversion of so-called "sterilisation rescriptions," medium-term Swiss Treasury bonds issued by the national bank to cream off excess liquidity and primarily in the hands of commercial banks.

Another important feature in the making of the 1979 market will be the continuing very high level of premature redemptions. Among long-term foreign bonds alone, over SwFr 1bn of these are listed for the first quarter. This, plus a situation on the domestic bond market of relatively little new paper, will have a corresponding effect on overall demand.

U.S. BONDS

# Living with a weak dollar

LAST YEAR brought a few ups to brighten the picture, but generally U.S. bond prices trod a broad downward path in 1978, ending the year with yields close to—and in some cases above—peaks set by the last interest rate cycle in 1974.

The main culprits were inflation and the sagging dollar, which forced the Federal Reserve Board to maintain a steadily tightening grip on the credit markets by nudging up interest rates. Over the year the key Fed funds rate rose by nearly 3.5 percentage points to around 10¼ per cent, and the bank's prime rate rose four points to 11¾ per cent.

One of the few bright spots for bond markets came in November with a sharp rally in response to President Carter's apparent determination to tackle inflation and the problems of the dollar. But those gains were quickly wiped out in the closing weeks. The Fed is evidently determined to keep interest rates high to beef up the dollar package, even though the declining growth of the money supply could justify some easing. Prospects for inflation have not improved, and the dollar is weak again.

As the year wore on, the conviction hardened in Wall Street that the peak in interest rates is still some way off. This pushed borrowers into a scramble for funds and only helped to press the cost of money higher still. (The corporate world remains distinctly more bullish about the future, in contrast with Wall Street.) Lenders, on the other hand, have been unwilling to commit funds to the long-term market until they are sure bond prices have hit bottom. Their resort to short-term securities and instruments pushed up short-term rates and produced the inverted yield curve which we now have.

Bonds thus ended the year in a tight short-term market and a sluggish long-term one. In December, some new Treasury issues maturing in less than a year set record yields, while a number of new corporate and utility bonds were freed for early resale because of lack of demand.

So the New Year begins with an enormous amount of cash waiting on the side-lines for the moment when the market turns, suggesting that when the upswing comes it could be quite sharp.

But when will that be? The prospects could hardly be more confusing. The forecasts range from this month to next year, and the scenarios from a credit crunch to a gentle easing over the hump. A recession would take off some of the pressure and allow bond prices to rise. But the longer the present economic recovery lasts, the greater its chances of being helped on its way by an Administration looking to the 1980 elections.

CONVERTIBLE BONDS

# Japan and D-mark join forces

ALTHOUGH 1978 was in general a good year for the world's stock markets, the weakness of the dollar and of Wall Street meant that few international convertible issues were seen from the U.S., traditionally the largest issuer of such securities. The emphasis in the primary market moved emphatically to issues by Japanese companies, and after a lively stream of such issues throughout the year the proposed calendar for the first quarter of 1979 was—perhaps a trifle optimistically—the largest ever.

The currency unrest gave attraction to convertibles that provided investors with a bridge to a strong currency. The dollar-denominated issues by the Swiss companies, Intershop and Brown Boveri, sold very well for this reason, despite the poor performance of the Swiss stock market last year.

By combining two appreciating currencies and one of the strongest stock markets, convertibles issued by Japanese companies and denominated in D-Marks dominated the primary market. Issued on terms which became virtually a standard formula, they generally went to premiums in the aftermarket and sometimes to conversion premiums which were hard theoretically to justify.

In the closing stages of the year, with the dollar showing temporary strength and the Japanese stock market weakening a little, some investor resistance to Japanese DM-convertibles became apparent. It was necessary to push the yield up from 3½ per cent and 3¾ per cent and to employ other technical tricks to improve the effective terms.

With the dollar entering the New Year weak, the currency conditions for Japanese convertibles remain favourable. The question mark concerns the future of the Japanese stock market, which could well suffer from the Japanese government's rival demands for institutional liquidity in the course of the year.

There were just four issues from U.S. corporations last year: Tyco, Baker International Finance, Coca-Cola and Texas International Airlines. One issue for Central Telephone and Utilities was conspicuously postponed because Wall Street was plunging and so was the dollar.

One oddity during the year was the re-issue by Tyco of $7m of convertible bonds which the electronics company had first issued in 1969 and subsequently repurchased in the secondary market.

OTHER CURRENCIES

# France re-opens: Kuwait market matures

THE Kuwaiti dinar sector of the bond market came of age with the successful recent issue for the City of Oslo.

It was the first time that this expanding Middle East sector of the market had raised money for a first-class borrower.

In 1978 the volume of new issues denominated in KDs totalled about KD116m ($429m) compared with a record of KD75m established two years earlier.

The attraction of the KD market for the investor is that the dinar is linked to a basket of currencies, while for the borrower interest rates are lower than for a dollar bond.

The major thrust of the Kuwait banks involved in the KD market is now aimed at widening the circle of investors willing to take such paper. The next step presumably must be to ensure a more active secondary market and increase the number of participants willing to make a market in these issues.

The French franc sector reopened in September with an issue for the European Investment Bank. It made a slighlty faltering start because of the EIB's tight terms during a weak phase for the franc.

The second issue, for Unilever, went more smoothly and it now seems that the market will be able to absorb issues at the rate of one a month during 1979.

In contrast, the Eurosterling market had a dreadful year. The primary market had died by April, overloaded by a total of nine issues.

The secondary market went through a very weak phase later in the year, moving sharply downwards in sympathy with the gilt-edged market.

This sector's fundamental defect is the fact that Eurosterling issues can receive no direct investment support from British institutions.

European currency strains effectively closed down the primary market in Dutch Euroguilder notes in the closing quarter of 1978.

The European Investment Bank had floated a guilder issue in August, and the sector was not effectively reopened until the same borrower launched a Fl 75m seven-year note in early December.

Taking 1978 as a whole, however, the guilder primary market performed quite well, absorbing some 10 new issues. This is broadly in line with Dutch central bank guidelines allowing one new issue a month.

The Dutch investment community is optimistic for 1979, and believes that interest rates are higher than basic economic fundamentals should dictate. Thus they see some room for bond market yields to move lower.

Bond prices, Page 12

# AUTHORISED UNIT TRUSTS

[illegible]

# INSURANCE AND PROPERTY BONDS

[illegible]

CORAL INDEX: Close 469-474

## INSURANCE BASE RATES

| | |
|---|---|
| †Property Growth | 11¼% |
| †Vanbrugh Guaranteed | 10.87% |

†Address shown under Insurance and Property Bond Table.

# OFFSHORE AND OVERSEAS FUNDS

[illegible]

## NOTES

[illegible]

# BUSINESSMAN'S DIARY

## UK TRADE FAIRS AND EXHIBITIONS

| Date | Title | Venue |
|---|---|---|
| Current | Boys' and Girls Exhibition (021-643 9281) (until Jan. 7) | Bingley Hall, Birmingham |
| Jan. 3—14 | London International Boat Show (Weybridge 54511) | Earls Court |
| Jan. 4—14 | Holidays '79 Camping Outdoor Holiday Exhibition and Motor Caravan Show (01-262 2886) | Olympia |
| Jan. 4—13 | Model Engineer Exbn. (Hemel Hempstead 63841) | Wembley Conference Centre |
| Jan. 5 | BCS 79—Living with Computing (01-637 0471) | Bloomsbury Centre Hotel, WC1 |
| Jan. 6—14 | Racing and Sporting Motorcycle Show (01-226 7801) | Horticultural Halls, SW1 |
| Jan. 7—10 | BFM Furniture Show (01-724 0851) | National Exhibition Centre, Birmingham |
| Jan. 7—11 | New Year Gifts, Jewellery and Leathergoods Trade Fair (061-969 3103) | Belle Vue, Manchester |
| Jan. 13—17 | International Toy Fair (01-226 6853) | Exhibition Centre, Harrogate |
| Jan. 14—17 | Stationery Industry Exhibition—STATINDEX (01-580 9256) | Grosvenor House, W1 |
| Jan. 16—18 | Micro-Electronics for the TV Industry—TV-MEX (01-486 1951) | National Exhibition Centre, Birmingham |
| Jan. 16—18 | International Domestic Electric Appliances Exbn. —IDEA (01-486 1951) | National Exhibition Centre, Birmingham |
| Jan. 23—25 | Amusement Trades Exhibition (01-228 4107) | Alexandra Palace, N22 |
| Jan. 28—Feb. 1 | Lightshow 79 (0248-88 396) | Olympia |
| Jan. 30—Feb. 1 | Fancy Goods and Gift Trade Fair (041 384 9249) | Cumberland Hotel, W1 |

## OVERSEAS TRADE FAIRS AND EXHIBITIONS

| Date | Title | Venue |
|---|---|---|
| Jan. 8—11 | Hotel and Restaurant Industry Fair—HORECAVA (01-228 2880) | Amsterdam |
| Jan. 10—14 | Home Furnishing Textile Fair (01-734 0543) | Frankfurt |
| Jan. 11—22 | International Boat Show | Paris |
| Jan. 18—21 | Intl. Trade Fair, Motor Workshop and Gasoline Station Equipment—AUTO-ZUM | Salzburg |
| Jan. 20—28 | International Boat Show—BOOT (01-409 0956) | Dusseldorf |
| Jan. 22—27 | International Audiovisual & Communications Show | Paris |
| Jan. 22—28 | Tourism and Recreation Fair—VAKANTIE (01-486 1951) | Utrecht |
| Jan. 26—Feb. 4 | International Green Week (01-540 1101) | Berlin |
| Jan. 30—Feb. 4 | Holiday and Leisure Fair (Dublin 763385) | Dublin |

## BUSINESS AND MANAGEMENT CONFERENCES

| Date | Title | Venue |
|---|---|---|
| Jan. 2—5 | Reading University: Science Teachers' Conference (Reading 85123) | Reading University |
| Jan. 3—5 | CALUS: Shopping Centre Management (Reading 861101) | New College, Oxford |
| Jan. 4—6 | BCS: Living with Computing (01-637 0471) | Bloomsbury Centre Hotel, WC1 |
| Jan. 7—12 | BACIE: Producing Training Packages (01-636 5351) | Shillingford Bridge Hotel, Oxon. |
| Jan. 8 | Institute for Intnl. Research: Currency Briefing Seminar (01-388 2863) | Hyde Park Hotel, SW1 |
| Jan. 8—9 | Leeds University: Traffic Data Collection (Leeds 35036) | Leeds University |
| Jan. 8—9 | Reading University: Small scale energy for developing countries (Reading 85123) | Reading University |
| Jan. 8—Feb. 2 | Urwick Management: Management for the Young Executive (Slough 34111) | Urwick Management Centre |
| Jan. 10 | BCPA: Selection and Interviewing (01-405 1023) | Waldorf Hotel, WC2 |
| Jan. 10—11 | IPM: The Secretary in Personnel Management (01-387 2844) | Whites Hotel, W2 |
| Jan. 10—12 | Management Centre Europe: Seminar on Electronic Surveillance | Brussels |
| Jan. 11 | AGB: Detection Devices (01-353 3851) | London venue disclosed when booking |
| Jan. 11 | C and CA: Concrete in Hot Climates-Admixtures and Curing (Fulmer 2727) | Fulmer, Slough |
| Jan. 12 | Leeds University: Transport and the Inner City (Leeds 35036) | Leeds University |
| Jan. 14—19 | RRG: Risk Management in Practice—Study Course (01-236 2175) | Tower Hotel, E1 |
| Jan. 14—18 | IPM: Advanced Interviewing and Assessment Skills (01-387 2844) | Highgate House, Creaton, Northampton |
| Jan. 14—19 | Bradford University: Group and Personal Effectiveness: Skill with People (Bradford 42299) | Management Centre, Bradford |
| Jan. 14—19 | Bradford University: Managing Management Development (Bradford 42299) | Heaton Mount, Bradford |
| Jan. 15—16 | Philip Thorn Associates: Legal and Banking Environment for Foreign Banks in U.S. (Guildford 71886) | Cafe Royal, W1 |
| Jan. 16 | IPS: Industrial Fasteners—How to get value for money (Ascot 23711) | Kensington Close Hotel, W8 |
| Jan. 16—17 | CCC: Expediting Successful Claims in Construction (01-222 6362) | Europa Hotel, W1 |
| Jan. 16—17 | ASM: Practical Aspects of Work Study—Method Study and Work Measurement (01-385 1992) | RAC Club, SW1 |
| Jan. 17 | The Henley Centre for Forecasting: Forecasts for Corporate Plans to 1984 (01-251 3841) | Carlton Tower, SW1 |
| Jan. 18 | BAEC: Export Finance, Export Services and the Agricultural Exporter (01-245 9819) | Carlton Tower, SW1 |
| Jan. 18 | David Casey Associates: Management and the Law Today (01-571 5638) | Holiday Inn, Langley |
| Jan. 18 | Building Advisory Service: Future Overseas Markets for Construction and Components Eastern Europe, South Korea and South America (01-636 2862) | Cavendish Centre, W1 |
| Jan. 18 | AGB: The Discrimination Laws—Opportunities, Pay and Pensions (01-353 3651) | Café Royal, W1 |
| Jan. 18—19 | Brunel Institute: Inter-Personal Effectiveness Workshop (Uxbridge 56461) | Brunel University, Uxbridge |
| Jan. 18—23 | Textile Institute: Annual Conference: Cotton in a Competitive World (061 834 8457) | New Delhi |
| Jan. 22—23 | Institute of Offshore Engineering: Risk Analysis of Offshore Installations (031 449 5111) | Heriot-Watt University |
| Jan. 22—23 | ESC: 1979 Finance Directors Conference (057 282 2711) | Royal Garden Hotel, W8 |
| Jan. 22—26 | Ashridge Management College: The Essentials of Management Accounting (044 284 3491) | Ashridge College, Berkhamstead |
| Jan. 22—25 | Institute of Personnel Management: The Elements of Salary Administration (01-387 2844) | Whites Hotel, W2 |



# WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

### YESTERDAY

DIVIDEND & INTEREST PAYMENTS—
AMAX Inc. Debs. 4pc.
Agricultural Mtg Cpn. 5pc 1959-89 Deb. 4 ½pc
Allied Retailers 9¾pc Pref., 4.875pc.
Assam-Dooars 6pc Pref. 2.1pc.
Assocd. Book Publishers 7½pc Pref., 2.625pc.
Australia (Com. of) 5½pc. 2¾pc.
B.S.C. Footwear Deb., 2½pc
Bahia (State of) 5pcFdg Bds. 1915. ¼pc. Do. 1928. ¼pc.
Berkeley Hambro Prop. 5pcPref., 1.75pc.
Bestobell 5pc Pref., 1.75pc. 5½pc Pref., 1.925pc.
Birmingham 2½pc. 1¼pc. 3pc 1947. 1½pc. 3pc 1933. 1½pc. 3½pc. 1¾pc.
Birmingham and District Inv. Tst. 5pc Pref., 1.75pc.
Blackburn 3½pc Irrd. Stk., 1¾pc. 4pcDeb. 2pc.
Blockleys 6pc Pref., 2.1pc.
Bluebird Confectionery 6pc Pref., 2.1pc.
Bradleys Stores Pf and A Pf. 3.059p
Bristol Waterworks 3.5pc Pf. 1977-78 1.75pc. 3.15pcPf. 1976-78 1.575pc. 3.5pcCons.Pf. 1.75pc. 3.5pcPf. 1980-81 1.75pc. 3.85pcPf. 1982 1.925pc. 9pc Pf. 1980 4.5pc. 10pcPf. 1979 5pc. 2.8pcPf. 1.4pc. 4.025pcPf. 2.0125pc. 4.55pcPf 1980-82 2.275pc. 4.55pcDb. Cons. 3¼pc
British American Trust 5pcPf. 1.75pc
British Rollmakers Db. 2¼pc
British Transport 3pc 1978-88 1½pc
Brunner Invest. 5pcPf.Db. 2pc
Cadbury Schweppes 3½pcPf. 1.75pc
Caledonian Trust 5pcPf. 1.75pc
Calgary Edmonton Railway Db. 2pc
Canadian Pacific Db. 2pc
Cassa Per Il Mezzogiorno 6¾pcBds. 1984 3⅜pc
Cedar Invest. Tst. Db. 2¼pc
Conteral Sheerwood 10pcPf. 4.41096pc
Chilean 5pcAnns. Series A 2½pc. 5pc Series B 2½pc. 5pc Series C 2½pc. 4½pc

### TODAY

BOARD MEETINGS—
Interims:
Ward (Thomas W.)
DIVIDEND & INTEREST PAYMENTS—
Advance Laundries 0.0235p Ord. 0.3p
Alginate Inds. 4.53540
Allnatt London Prop. 1p
Amalgamated Metal 5.4pcPf. 2.7pc. 6pc Pf. 2.1pc
Amalgamated Power Eng. 2.948p
Antofagasta (Chili) Railway 5pcPf. 1.75pc
Arbuthnot Latham 3.85p. 6pcPf. 2.1
Aronson (A.) 1.44271p
Associated Biscuit 1.65p 3.65pcPf. 1.825pc
Associated Leisure 1.5p
BICC 6pc1stPf. 2.1pc. 5½pc2ndPf. 1.925pc
BOC Int. 4.55pc 2.275pc. 2.8pc 2ndPf. 1.4pc. 3.5pc2ndPf. 1.75pc
BSG Int. 0.916403
Babcock Wilcox 6pcPf. 2.1pc. 5pc2ndPf 1.75pc. 4pcPf 1.4pc
Burlop Bros. 4½pcPf. 157.5p. 7½pcPf. 2.625p
Barnet 14pc 7pc
Barton Transport Ord. 8pcPf. 5.6pc
Bell 5pcPf. 1.75pc
Bermuda Elec. Light Db. 3¼pc
Bermuda Telephone Db. 3⅛pc
Booker McConnell 4.006p 6pcPf. 2.1pc
Boosey Hawkes 5½pcPf. 1.925pc. 7pcPf. 2.45pc
Bournemouth Dist. Water 2.8pc (fmly. 4pc) Pf. 1.4pc. 8pcPf. 4pc
Bristol Waterworks 8½pcPf. 4.25pc
British Columbia Elec. 4pc1stPerp.Bds. Series F 2pc
British Electric Traction 8pcPfd. 2.8pc. 6pcPf. 2.1pc
British Home Stores 3.1p
British Guiana 4pcPerp. 2pc
Brooke Bond 2.254385p
Brook Street Bureau Mayfair 1.31p
Bulmer (H. P.) 9½pcPf. 4.725pc
Burt Boulton Hldgs. 7pcPf. 2.45pc

Wood (Arthur) Son 7½pc Pref., 2.625p
York Trailer 10pc Pref., 5p
York Waterworks 9pc Pref. 4.5p Do. 10pc Pref 5p. Do. Debs 5½. 7¾pc

### TOMORROW

COMPANY MEETINGS—
Ensure Hldgs Winchester House, 100, Old Broad St., E.C. 12.
BOARD MEETINGS—
Interims:
Camford Eng
DIVIDEND & INTEREST PAYMENTS—
Border & Southern Stockholders Trust, 1.15p
Boustead. 0.7p
British Syphon Inds. 1.16p
Charter Cons. (Reg.) 3.025p. Do. (Br.) 3.025p
Chesterfield 7¾pcBds Red. 3.1.79. £4.0841
Chorley 7¾pcBds Red. 3.1.79. £4.0841
Danish Bacon. 3.127p. Do. 5½pcPf. 1.925pc
Drayton Db. 2½pc
Durham 7¾pcBds.Red. 3.1.79 £4.0841
Eleco. 1.194p
Forest Heath 7¾pcBds.Red. 3.1.79. £4.0841
General Scottish Trust 5pcPf., 1.75pc
Inverness 7¾pcBds.Red. 3.1.79 £4.0841
Lancashire 7¾pcBds.Red. 3.1.79. £4.0841
Long & Hambly. 1.155p
Mansfield Brewery. Redemption of 4pc1st Mtg.Db. 1992 at £103pc
Mucklow (A. J.) 1.2784p
North (M. F.) 0.135p
Stroud 7¾pcBds.Red. 3.1.79 £4.0841
Vickers Ord. 3.85p
W. Wiltshire 7¾pcBds Red. 3.1.79. £4.0841

### THURSDAY JANUARY 4

COMPANY MEETINGS—
Jessups (Hldgs.), Winchester Hse, 100 Old Broad St., EC. 12.
Peachey Prop. Corp. Winchester Hse., 100 Old Broad St. EC. 11.
BOARD MEETINGS—
Interims: Birmingham Pallet. Bond St. Fabrics. Finals: Fodens, Hollis Bros. &

…

Uruguay 5pcGoldLn. 1¼pc
Ward White Go. 3.5pct. 1.75pc. 10½pcPf. 5.25pc
Western Dooars Tea 6pcPf. 2.1pc
Whitoley (B. S. W.) 4½pcPf. 1.575pc
Wilkinson Match 5½pcPf. 1.925pc
Yorkshire Fine Woollen Spinners 5pcPf. 1.75pc
Young Brewery Db. 1¼pc
Yugoslavia 5pcFd.Bds. (Br.) (Lon. Iss.) 2½pc

UK Prop. Co. Ln. 4½pc
Usher-Walker 5pc Pref. 1.75p
Warne Wright Rowland 6½pc Pref. 2.275p
West Kent Water Deb. £4.845. Do. 7pcPf. 3.5p. Do. Db. 2. 3¼. 5. 6¼pc
Western Motor Hldgs. Ord. & A. 1.02335p. Do. 5½pc Pref. 1.925p
Williams (Ben) 6pc Pref. 2.1p
Wilmot-Breeden (Hldgs.). 1.2p. 7pc Pref. 2.45p. 20pc Pref. 7p
Winn Inds. 6pc Pref. 2.1p
Wire Plastic Products. 0.9p

Oxford 12½pcBds.Red. 2.7.80 6¼pc
Pengkalen 1.5p
Pratt (F.) Eng. Corp. Ln. 4pc
Samuel Props. Db. 3¼pc
Sandeman (George G.) 1p
Smith (W. H.) Db. 4pc. Lns. 2¾. 3½pc
Tarmac 5½pcPf.Db. 3¼pc

### SUNDAY JANUARY 7

DIVIDEND & INTEREST PAYMENT
M and G Fd. Invest. Tst. 0.95p

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

| Interest Due | | Stock | Price £ | Last xd | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| | | **"Shorts" (Lives up to Five Years)** | | | | |
| 9S | 9M | Treasury 11½pc '79‡‡ | 99½ | 3.8 | 11.51 | 11.61 |
| 17M | 17S | Treasury 3pc '79‡‡ | 95⅛ | 11.8 | 3.16 | 10.37 |
| 26M | 26S | Electric 4¼pc '74-79 | 96 | 21.8 | 4.43 | 10.00 |
| 1M | 1N | Treasury 10½pc '79‡‡ | 99 | 25.9 | 10.61 | 11.71 |
| 15M | 15N | Electric 3½pc '76-79 | 95¾ | 9.10 | 3.66 | 8.66 |
| 3M | 3S | Treasury 9pc 1980‡‡ | 97 | 28.7 | 9.28 | 11.81 |
| 14N | 14M | Treasury 9½pc '80‡‡ | 97 | 9.10 | 9.78 | 11.78 |
| 15O | 15J | Treasury 3½pc '77-80 | 94 | 8.11 | 3.70 | 7.43 |
| 15D | 15J | Funding 5¼pc '78-80‡‡ | 94 | 8.11 | 5.55 | 9.25 |
| 25M | 25N | Exchequer 13pc 1980‡‡ | 101⅛ | 19.10 | 12.86 | 12.28 |
| 15J | 15Ja | Treasury 11½pc 1981‡‡ | 98¾xd | 11.12 | 11.65 | 12.23 |
| 15F | 15A | Treasury 3½pc 1979-81 | 89⅞ | 10.7 | 3.93 | 9.24 |
| 1O | 1A | Treasury 9¾pc 1981‡‡ | 94¾ | 25.8 | 10.29 | 12.47 |
| 12D | 12J | Exch. 8¼pc 1981 | 91¾ | 6.11 | 8.99 | 12.25 |
| 4F | 4A | Exch. 9½pc 1981 | 93⅜xd | 28.6 | 10.17 | 12.63 |
| 21F | 21A | Exch. 3pc 1981 | 85½ | 17.7 | 3.51 | 9.33 |
| 17M | 17N | Treas. Variable '81‡‡ | 97 | 11.10 | 12.43 | 13.27 |

Five to Fifteen Years

Over Fifteen Years

Undated

## INTERNATIONAL BANK

## CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS

Public Board and Ind.

Financial

## FOREIGN BONDS & RAILS

| Interest Due | | Stock | Price £ | Last xd | Div % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| — | | Antofagasta Rly. | 23 | 8.71 | — | — |
| 1J | 1J | Do. 5pc Pref. | 39xd | 13.11 | — | — |
| 1J | 1J | Chilean Mixed | 98 | 3.7 | — | 13.10 |
| | — | Chinese 4½pc 1898 | 20 | — | — | — |
| | — | Do. 5pc 1912 | 35 | — | — | — |
| | — | Do. 5pc 1925 Boxer | 20 | — | — | — |
| 1J | 1D | German Yng. 4½pc | 415 | 4.12 | 4½ | — |
| 1M | 1N | Greek 7pc Ass. | 50 | 1.11 | 3½ | 17.20 |
| 1F | 1A | Do 6pc 28 Stab. Ass. | 49 | 1.8 | 6 | 16.24 |
| 1A | 1O | Do 4pc Mixed Ass. | 40 | 3.7 | 4 | 15.13 |

## BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

## AMERICANS

S.E. List Premium 42½% (based on US$2.0415 per £)

## CANADIANS

S.E. List Premium 42½% (based on $2.4173 per £)

## BANKS AND HIRE PURCHASE

| Dividends Paid | | Stock | Price | Last xd | Div Net | Cvr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| | June | Goode D't Mry.5p | 20 | 17.4 | 0.13 | — | 0.9 | — |
| Nov. | April | Grindlays | 126 | 21.8 | 2.79 | 7.1 | 3.3 | 4.5 |
| April | Oct. | Guinness Peat | 212 | 18.9 | h5.15 | — | 6.9 | — |
| Dec. | July | Hambros | 185 | 27.11 | †9.76 | — | 8.0 | — |
| Dec. | July | Hill Samuel | 84 | 13.11 | †4.97 | — | 8.8 | — |
| | — | Do. Warrants | 187 | — | — | — | — | — |
| Sept. | Mar. | Hong Shng.$2.50 | 256 | 4.9 | h059c | — | 2.7 | — |
| June | Nov. | Jessel Toynbee | 64 | 30.10 | g3.65 | — | 8.5 | — |
| Jan. | June | Joseph (Leo) £1 | 155 | 27.11 | 8.74 | — | 8.4 | — |
| Feb. | Aug. | Keyser Ullmann | 46 | 30.5 | 0.67 | — | 2.2 | — |
| June | Dec. | King & Shax 20p | 64 | 15.5 | 3.44 | — | 8.2 | — |

## BANKS & HP—Continued

Hire Purchase, etc.

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## MINES—Continued

### AUSTRALIAN

| Dividends Paid | | Stock | Price | Last xd | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| — | | Acmex 25c | 11 | — | — | — | — |
| Nov. | Apr. | Bougainville 50 Toea | 131 | 14.3 | †Q8c | 1.4 | 3.8 |
| — | | BH South 50c | 112 | 974 | — | — | — |
| — | | Central Pacific | 340 | — | — | — | — |
| Oct. | May | Conzinc Riotinto 50c. | 296 | 14.9 | ‡Q10c | 2.2 | ‡ |
| — | | Cultus Pacific N.L. | 26 | — | — | — | — |
| — | | Endeavour 20c | 19 | — | — | — | — |
| — | | G.M. Kalgoorlie $1 | 62 | 667 | — | — | — |
| — | | Hamma Gold N.L. | 32 | — | — | — | — |
| September | | Hamptn Areas 5p. | 148 | 10.7 | ◆3.55 | 2.0 | 3.6 |
| — | | Metals Ex. 50c | 25 | — | — | — | — |
| Dec. | Apr. | M.I.M. Hldgs. 50c | 197 | 16.10 | Q9c | 1.7 | 2.8 |
| — | | Minefields Expl. | 15 | — | — | — | — |
| — | | Mount Lyell 25c | 38 | — | — | — | — |
| — | | Newmetal 20c | 42 | — | — | — | — |
| June | Nov | North B. Hill 50c. | 108 | 13.11 | Q8c | 1.3 | 4.6 |
| — | | Nth. Kalgurli | 11 | — | — | — | — |
| — | | Nth. West Mining | 26 | — | — | — | — |
| June | Nov. | Oakbridge $A1 | 133 | 7.4 | Q12c | 1.9 | 9.9 |
| — | | ††Otter N.L. | 22 | — | — | — | — |
| — | | Pacific Copper | 58 | — | — | — | — |
| — | | Pancont'l 25c | 800 | — | — | — | — |
| — | | Paringa M&Ex. 5p | 18½ | — | — | — | — |
| Apr. | Oct. | Peko-Wallsend 50c. | 456 | 19.9 | Q15c | ◆ | 2.0 |
| — | | Southern Pacific | 145 | — | — | — | — |
| Oct. | May | Westn. Mining 50c. | 139 | 4.9 | Q3c | 0.7 | 1.3 |
| — | | Whim Creek 20c. | 60 | — | — | — | — |

### TINS

| Dividends Paid | | Stock | Price | Last xd | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| Nov. | Apr. | Amal. Nigeria | 24 | 18.9 | 2.81 | 1.3 | 17.4 |
| Apr. | Oct. | Ayer Hitam $M1 | 335 | 2.10 | Q300c | 0.5 | 19.2 |
| Apr. | Oct. | Beralt Tin | 54xd | 11.12 | 4.0 | ◆ | 11.1 |
| Jan. | July | Berjuntai $M1 | 220 | 24.7 | Q110c | 1.0 | 10.7 |
| Feb. | Oct. | Geevor | 150 | 7.8 | H5.57 | 5.8 | 5.6 |
| — | | Gold & Base 12½p | 10 | 1074 | — | — | — |
| June | Dec. | Gopeng Cons. | 295 | 30.10 | †15.36 | 0.9 | 7.7 |
| — | | Hongkong | 312xd | 11.12 | 12.5 | ◆ | 6.0 |
| May | Nov. | Idris 10p | 64 | 24.7 | ‡12.0 | 1.6 | ‡ |
| — | | Jantar 12½p | 9½ | 467 | — | — | — |
| — | | Kamunting $M0.50 | 66xd | 11.12 | †Q12.5c | 2.1 | 4.1 |
| Jan. | July | Killinghall | 620 | 10.7 | Q123.36 | ◆ | 23.7 |
| April | | Malay Dredging $M1 | 345 | 27.11 | Q175c | 0.7 | 10.3 |
| — | | ♠Pahang | 43 | 27.11 | — | — | — |
| Mar. | Sept. | Pengkalen 10p | 60 | 30.10 | 6.60 | 1.3 | 16.4 |
| June | Jan. | Petaling $M1 | 215xd | 11.12 | Q120c | ◆ | 12.0 |
| Mar. | Oct. | Saint Piran | 77 | 4.9 | †2.03 | 6.5 | 4.0 |
| February | | South Crofty 10p | 56 | 10.7 | †4.19 | 2.0 | 11.5 |
| Jan. | July | South Kinta $M0.50 | 190 | 4.9 | †Q145c | 0.6 | 17.7 |
| June | Jan. | Sthn Malayan $M1 | 285 | 27.11 | Q190c | 1.0 | 14.3 |
| — | | Sungei Besi $M1 | 210xd | 11.12 | ♠Q65c | 5.9 | 6.6 |
| — | | Supreme Corp. $M1 | 70 | 974 | ‡Q10c | — | 3.1 |
| May | Nov. | Tanjong 15p | 103 | 24.7 | 6.60 | 0.8 | 9.6 |
| Sept. | Mar. | Tongkah Hrbr. $M1 | 85 | 12.12 | Q35.5c% | 0.7 | 9.4 |
| Apr. | Oct. | Tronoh $M1 | 205 | 2.10 | †Q88c | 1.6 | ‡ |

### COPPER

| Dividends Paid | | Stock | Price | Last xd | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| June | Dec. | Messina R0.50 | 56 | 12.12 | — | — | — |

### MISCELLANEOUS

| Dividends Paid | | Stock | Price | Last xd | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| — | | Barymin | 54 | — | — | — | — |
| — | | Burma Mines 17½p | 15½ | 575 | — | — | — |
| Aug. | Feb. | Cons. Murch. 10c. | 170 | 3.1 | ‡Q30c | 2.6 | ‡ |
| November | | Northgate C$1 | 375 | 30.9 | — | — | — |
| Jan. | June | R.T.Z. | 226 | 30.10 | 9.5 | 2.8 | 6.3 |
| — | | Sabina Inds. C$1. | 42 | — | — | — | — |
| — | | Tara Exptn. $1 | 725 | — | — | — | — |
| October | | Yukon Cons. C$1. | 170 | 15.9 | Q7c | 2.9 | 2.0 |

### GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

| Dividends Paid | | Stock | Price | Last xd | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| Feb. | Aug. | Buffels R1 | $11⅝ | 26.6 | Q170c | 1.8 | 16.9 |
| Aug. | Feb. | East Drie R1 | $10 | 26.6 | †Q78c | 1.7 | 9.0 |
| Aug. | Feb. | East Rand Prp. R1 | 375c | 28.6 | — | — | — |
| June | Dec. | F.S. Geduld 50c | $19½ | 30.10 | Q315c | ◆ | 18.6 |
| June | Dec. | Pres. Brand 50c | $11¾ | 30.10 | Q150c | ◆ | 15.2 |
| May | Nov. | St. Helena R1 | $10⅝ | 2.10 | Q190c | ◆ | 21.1 |
| Aug. | Feb. | Stilfontein 50c | 465c | 26.6 | †Q22c | 2.5 | 5.5 |
| Aug. | Feb. | Vaal Reefs 50c | $18½ | 7.8 | Q115c | 3.5 | 7.2 |
| Feb. | Aug. | West Drie R1 | $32⅞ | 26.6 | Q385c | 1.7 | 13.8 |
| June | Dec. | West Hldgs. 50c | $22⅞ | 2.5 | Q415c | ◆ | 20.9 |
| Feb. | Aug. | Western Deep R2 | $10⅛ | 7.8 | Q82.5c | 2.4 | 8.9 |

### NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▼ Excluding a final dividend declaration.
- ◆ Regional price.
- II No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 13

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## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| | | | | | |
|---|---|---|---|---|---|
| Albany Inv. 20p | 25 | ...... | Sheffield Brick | 52 | ...... |
| Ash Spinning | 70 | ...... | Sheff. Refrsmt. | 67 | ...... |
| Bertam | 15 | ...... | Sindall (Wm.) | 118 | ...... |
| Bdg'wtr. Est. 50p | 323 | ...... | | | |
| Clover Croft | 28 | ...... | IRISH | | |
| Craig & Rose £1 | 615xd | ...... | | | |
| Dyson (R. A.) A | 35 | ...... | Conv. 9% '80/82 | £90 | ...... |

## OPTIONS

### 3-month Call Rates

هكذا من الأصل





FINANCIAL TIMES
Tuesday January 2 1979



# IMF team lists candidates for Zaire bank credit ban

BY MICHAEL HOLMAN IN KINSHASA

COMMERCIAL BANKS in Zaire have been issued with a list of 50 customers to whom further credit is to be refused.

In a campaign against the country's extensive corruption, the customers are being told to repay outstanding credit and repatriate hundreds of millions of dollars and, as one Western accounts.

A further 55 companies have been warned that their affairs are being investigated. The list, signed by Herr Erwin Blumenthal, head of the five-man International Monetary Fund (IMF) team at the Banque du Zaire, the Central Bank, was set out last month.

The businessmen involved include at least two Commissaires Politiques (MPs) and other political figures, many of whom have been dealing in commodity exports, notably coffee.

Western commodities in Zaire calculate that although the 1977 coffee crop was worth more than \$400m, only \$120m returned to Zaire. The discrepancy is accounted for by smuggling, under-invoicing and the export of premium beans declared as low-grade.

Observers attach considerable significance to the move. Should it work, Zaire will save millions of dollar and, as one Western economist put it: "The first stroke of the axe" will have succeeded.

## Pledge

The move is assumed to have President Mobutu's backing, since one of the country's most powerful figures is involved.

Herr Blumenthal's willingness to confront him and other influential personalities has earned him the title of "Bula Matadi," the Stone Crusher.

At the Banque du Zaire, the IMF team functions on the basis of an unequivocal pledge by the Government contained in its recovery plan, presented to the Brussels meeting in October of the "Zaire Club," the country's 12 creditor nations.

The document said that Herr Blumenthal's "autonomy is ensured particularly fo rcertain essential operations such as the repatriation of foreign exchange, the guaranteeing of import licences, outflow of capital and the regulation of exchange."

The document also said that the Central Bank "undertakes not to put at the disposal of privileged agents foreign exchange which should be allocated solely in terms of established priority criteria."

All key sections of the economy are, or are about to be, under control of foreigners.

There are French officials in the Ministry of Finance. Belgian officials will arrive shortly to head a specially created section of the customs department.

The Taxation Office will receive French experts, while the transport system, river, road and rail, has expatriates in key positions.

Most Western economists consider it essential that officials in thse sectors are in a position to supervise and monitor the country's performance under the IMF stabilisation plan.

Measures to control imports and exports, introduced in September, have also been welcomed. The approved commercial banks now receive 70 per cent of export receipts to be disbursed according to a formula that allows 33 per cent of the banks' allocation to be spent on essential goods, 35 per cent on raw materials, spares and utility vehicles, 25 per cent on invisibles, 5 per cent on non-priority goods and 2 per cent on energy expenses.

## Arrears

The Central Bank retains 30 per cent, which is being used to reduce gradually arrears in payments on Zaire's external Government and commercial debts.

The move represents the first steps in what is widely regarded as a long and arduous operation whose success is far from assured.

Inflation is about 100 per cent. The country's currency was devalued 10 per cent at the beginning of November and subsequent adjustments have made that about 25 per cent.

# Chinese take first steps into U.S. territory

By John Hoffman in Peking

VICE-PREMIER Dong Yiaoping* (Teng Hsiao-Ping), China's diplomatic architect in normalising relations with the U.S., took his firststep yesterday into American territory.

He led a number of high-ranking Chinese foreign affairs officials to the U.S. Liaison Office in Peking for a reception by Mr. Leonard Woodcock, head of the U.S. mission.

It was the only ceremony marking the normalising of diplomatic relations yesterday. No practical results of the new deplomacy are expected until March, when the two Governments exchange ambassadors.

At the same time China ended its military war against the Taiwan-controlled offshore islands of Quemoy, Tatan and Ehrtan.

People's Liberation Army units on the coast of Fujian Province were ordered to stop shelling the islands from yesterday, ending the symbolic military confrontation between China and Taiwan.

Mr. Xu Xiangqian (Hsu Hsiang-Chien), the Chinese Defence Minister, said: "Taiwan is part of China's territory and the compatriots in Taiwan are our kith and kin."

The Chinese Government also sent a New Year message to the people of Taiwan again urging the reunification of the "two Chinas."

## Discord

The message—China's first official move towards a Taiwan settlement—urged the setting up of postal services, transport agreements, visiting rights and academic, technological and tourist exchanges.

It proposed discussions between Peking and Taipei to end the discord, although this offer was rejected by Taiwan, which said it would never negotiate with Peking.

The Chinese media gave sharp emphasis to the rapprochement with the U.S. by publishing messages exchanged by the heads of the two Governments.

Chairman Hua Guofeng (Hua Kuo-Feng), in a message to President Carter, called the accord a "historic event" which would exert a favourable influence on the international situation.

President Carter's message referred to a generation of isolation. "The estrangement of our peoples has sometimes produced misunderstanding, confrontation and enmity. That era is behind us."

He added: "We welcome the growing involvement of the People's Republic of China in world affairs.

** China has adopted a phonetic alphabet known as Pinyin to Romanise Chinese names into other languages. The Financial Times will conform to the new style and the old spellings will be added in brackets to the Pinyin version for about six months.*

Year of accomplishment Page 7

THE LEX COLUMN

# Wages the key to 1979

The financial markets in London are entering 1979 in an uneasy frame of mind. Interest rates in the money market have been edging even higher in recent days, equity prices have had an unhappy Christmas, and internationally there is growing concern about the breakdown of order in Iran and the renewed weakness of the U.S. dollar. Most people still believe that short term interest rates will begin to decline at some stage in 1979, but the idea that the peak has already been passed has a dwindling number of adherents.

On the domestic front the main cause for concern is the complete breakdown of the Government's pay policy. Nobody ever believed in the official target of 7 per cent earnings growth in the 1978-79 pay round, but the stock market has probably been ready to accept a figure of 10-12 per cent. Now there is the real possibility of another 14-15 per cent wage round, which would almost inevitably push inflation back into double figures later this year.

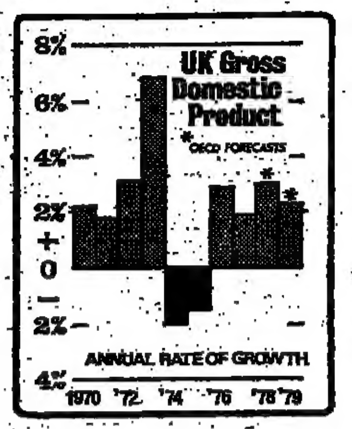
## The alternatives

The Government could react in various ways to such a disturbing development. It could raise taxes — as the Chancellor has threatened; it could continue a tight monetary policy which would keep sterling firm, squeeze company profits and employment and chocke off the excessive growth in pay; or it could simply accommodate the wage inflation at the cost of relaxing its monetary targets and accepting a fall in sterling.

The last solution is not feasible in the current political environment. And in an election year there are also obvious limits on the extent to which the Government can slam on the fiscal brakes. That leaves it to struggle on as it did during most of 1978, placing much of the burden on adjustment on to interest rates and the financial system.

This picture would change if economic growth were to slip back significantly in 1979. But at the moment this does not look likely. The consumer-led boom came off the boil in the second half of 1978, but most forecasters are expecting real gross domestic product to grow by between 2 and 3 per cent. That would be a little below the 1978 pace but would still represent a better-than-average performance by the standards of the past decade.

So although both in real and nominal terms interest rates are currently very high, the climate is not likely to get a great deal more favourable in the near future. Not only are there the pay pressures, but industry is likely to have a substantial external financing requirement.




The company sector appears to have run a sizeable financial deficit in 1978, and this is likely to increase. Profits have become sluggish, particularly in manufacturing industry, with wholesale prices lagging well behind labour costs. Commodity prices, which were actually falling in the early part of last year, are likely to move much less favourably: oil prices have already gone up. All this will have an impact on the cost of financing stocks.

All the same, companies in general appear to be far from pessimistic at the moment, judging by the CBI opinion survey. Some, like Hoover or Dunlop, are being badly squeezed by import competition. But the world trade picture is improving gradually, and although the U.S. economy is likely to slow down as 1979 progresses, other countries should take up the slack. While activities like steel or shipbuilding remain locked in slump, other industres such as avation or electhonics are enjoying boo mconditions.

## Highly liquid

Meanwhile companies are beginning the year in a healthy financial position. Maybe their profits are low if they are measured on the basis of real returns, but the liquidity of major companies has only deteriorated a little from the exceptionally high level reached in mid-1978, and balance sheet gearing has improved dramatically since 1974.

So the mood among investors is not despondent, whatever the commission-starved stockbrokers may be saying. After a year in which share prices stayed still but earnings per share and dividends rose by over an eigh[th] the fundamentals are sou[nd]. This year dividends should ag[ain] more than keep pace w[ith] inflation.

Technically, too, the sto[ck] market is comparatively w[ell] placed. The investment institutions have to some exte[nt] rebuilt their liquidity from th[e] low point of a year ago, an[d] their cash inflows are still rising. During 1979 the life assurance offices and the pension funds could take in a net £8.5bn. Recently the institutions have shown themselves to be very reluctant to chase the market up, but they have also been willing to provide firm support at times of weakness. It has become fashionable to think of the herd of fund managers as a destabilising influence upon stock markets, but there is also evidence that they can cause prices to move within a narrow trading range for quite long periods.

## Unexciting

The straightforward conclusion from all this is that share prices are going to have another unexciting year. But the way it actually works out will depend on a number of key factors. First, the pay round: if after an inevitable period of confrontation and strikes in the early part of the year the outcome turns out to be less inflationary than now seems possible, confidence in the financial market will receive a boost.

Then there is the question of gilt-edged yields. If this Government, or its successor, continues to insist on piling gilts upon the institutions at almost any real interest rate, the equity market can only remain in the doldrums. The portents, in terms of current official forecasts, are not good. Any chink of light here, however, could bring a rapid cut in long-term interest rates, which start the year at as much as 13½ per cent for the highest coupon gilts.

No preview of 1979 can ignore the shadow of the dollar over the international financial markets. Restoring stability is likely to require further restrictive measures by the U.S. Government, and the impact on short term flows around the world could be both unpredictable and uncomfortable. But thereafter a convincing rally by the dollar would be a bull signal —and not just on Wall Street.

None of these questions seems likely to receive an early answer. The way things look now, any strength in share prices during the coming year will emerge later rather than sooner.

# Business optimism over pay increases

BY DAVID FREUD

EMPLOYERS believe that the Government's abandonment of its pay sanctions policy will have little impact on wage increases in the present round, according to the latest Financial Times monthly survey of business opinion.

Businessmen in the three sectors covered this month—non-electrical engineering, brewing and distilling and paper and connected industries — were interviewed before and after the sanctions vote in the Commons and expectations for wage increases had moved up only slightly between the two occasions.

The median expected increase in wages was steady at 11.7 per cent, while the comparable figure for inflation was also unchanged from the previous month at 10.1 per cent.

It appears that that the sanctions defeat contributed to a fairly sharp fall, for the second consecutive month, in the index measuring the level of optimism about the course of the UK economy.

## Slackening

At the same time there were signs that growth in demand was slackening—in line with recent official indicators showing that output growth has eased after the rapid expansion between the first and second quarters of last year.

Two key indices support the interpretation that sluggish demand is the cause of the slowdown in the growth of output.

There was a sharp drop in the index for new orders taken over the last four months, while a second index puts additional weight on the importance of demand rather than supply factors in limiting output.

Expeort orders seemed to be worst affected. However, on the brighter side, companies remained confident overall about the growth of evports in the next 12 months. The export-weighted index measuring this showed a further slight rise.

Companies were slightly less optimistic about prospects for turnover gains over the next 12 months; the median expected increase slipped from 6.2 per cent to 6 per cent.

Details, Page 5

# Motor industry trading balance deteriorates

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE UK motor industry's trading balance with the rest of the world has deteriorated sharply after an upsurge in imports of cars, commercial vehicles and components.

Figures compiled by the Society of Motor Manufacturers and Traders for the first 10 months of last year show that total imports of motor products rose by 29 per cent to £2.57bn. In contrast, UK companies, affected by industrial disputes, improved export sales by only 7 per cent to £3.31bn.

The year-end figures are expected to be worse as the effects of the prolonged Ford strike work through.

The position was described last night by Mr. John Beswick, the society's director, as "tragic for the country." He was confident that the industry could do better this year.

"We must conquer the industrial disruption, which was the main reason why UK car assemblers did not benefit from a rapidly expanding market last year."

The society's preliminary statistics suggest that although the UK car market expanded by 21 per cent to near record levels, domestic output dropped by 5 per cent. Total production was little more than 1.25m cars, compared with 1.32m in 1977.

sharply through the year, but, at just under 1.6m, were more

New registrations increased than 60,000 short of the record sales of 1973, when domestic production was 1.75m—a figure that emphasises the impact of imports upon the UK.

The 10-month statistics show a 36 per cent increase in car imports to £1.46bn, including vehicles brought in by Ford, Vauxhall and Chrysler. Such tied imports account for about 13 per cent of UK car sales: double the level three years ago.

The Society believes that neither tied nor direct imports will make further inroads this year. Foreign penetration is expectde to remain steady at just under half.

New registrations are forecast at between 1.57m and 1.58m, with much of the buoyancy in the first half of the year. The UK market is expected to tail off as pent-up demand is satisfied and the national economy slows down.

A disturbing feature of the 10-month figures is in commercial vehicles. Imports rose 23 per cent to £212m, partly because of the integration of European operations by companies such as Ford and Chrysler, who brought in some light vehicles from abroad. Exports showed a 10 per cent drop, to £477m, mainly reflecting difficulties at Leyland Vehicles.

Although sales of foreign components and accessories increased by 22 per cent to £733m, that rate of growth marks a slowdown from the 74 per cent advance the previous year.

Imports have been stimulated by supply shortages, the multinationals' buying policies and the increasing number of foreign vehicles requiring spares.

Exports, up 13 per cent to £1.48bn, have been restricted by shortages and increased competition in international markets.

MOTOR INDUSTRY TRADE PERFORMANCE

| | First 10 months 1978 £m | First 10 months 1977 £m | Change % |
|---|---|---|---|
| IMPORTS: | | | |
| Cars | 1,463 | 1,077 | +36 |
| Commercial vehicles | 212 | 172 | +23 |
| Parts and accessories | 733 | 599 | +22 |
| All motor products (including tractors, dumpers, trailers, etc.) | 2,572 | 1,989 | +29 |
| EXPORTS: | | | |
| Cars | 880 | 637 | +26 |
| Commercial vehicles | 477 | 531 | −10 |
| Parts and accessories | 1,488 | 1,318 | +13 |
| ALL MOTOR PRODUCTS: | 3,314 | 3,109 | + 7 |

Source: SMMT

# Callaghan appeals to unions

BY PHILIP RAWSTORNE

MR. CALLAGHAN opened a critical election year for his Government yesterday with a renewed appeal to the trade unions not to abuse their power.

He said in a New Year message that 1979 would be "a year of decision and advance" as the British chose at a General Election the path they intended to follow into the next decade.

The country had proved the doom-mongers wrong. It had achieved greater stability than had seemed possible only a few years ago.

There should be a greater sense of national unity and responsibility. "We in Britain have no one to fear but ourselves. We are capable of doing anything we set our hands to."

Inflation had to be permanently defeated, industrial change accepted, and the country's revival, primed by North Sea oil, maintained.

"We must make Britain a land of opportunity and innovation." But that would need a resolve to act and work together as one people.

"Let those who possess industrial muscle or monopoly power resolve not to abuse their great strength. Individual greed and disregard of the wellbeing of others can undermine and divide our society."

Mr. Callaghan called for a greater sense of responsibility for each other, and especially for those in need. "If we are to mean this, let us be prepared to put our money and our taxes where our mouth is."

Mr. Callaghan's appeal was echoed by Mr. David Steel, the Liberal leader, who called in his New Year message for a new national spirit of unity and purpose.

Before getting involved in the partisan politics of this election year, the British people should ask themselves what they really wanted.

The prime objective should be effective policies to stop inflatiion getting out of hand.

# Even debt repayment is still main aim

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE BRITISH Government still aims to achieve a net year-by-year reduction in its overseas borrowings after the completion of a large part of the restructuring of these debts over the last 12 months.

Loans totalling more than \$2.5bn are due to be repaid this year. They will only be partially offset by additional new borrowing.

This has become clear after the big exercise last year involving the early repayment of some debt, an extension of maturity dates of other loans and new fund raising.

The result is that the total Government and other public sector borrowing overseas has been reduced from \$24.6bn in September, 1977 to ;22.94bn now.

The main aim has been to spread the burden of repayment away from the peak years of the early 1980s. In particular, the debt hump between now and 1984 has been reduced by 21.5 per cent to \$15.85bn.

This has been achieved both by the repayment of \$4.55bn last year—mostly well before the due dates—and by new borrowings of \$1.7bn with maturity dates in the late 1980s.

The official view is that most of the strategic changes in reducing the repayment hump have been achieved—for instance, cutting the amount due in the peak year of 1981 from \$5bn to less than \$3.5bn.

Some further small scale prepayment is still likely—partly depending on relative interest rates—in addition to the \$2.5bn which, in any case, matures this year.

But the main emphasis is likely to be on new borrowing, and the aim is to tap as wide a range of markets as possible. The New York market was opened up by the Government's bond issue late last spring and this has been followed by nationalised industry fund raising in the U.S. commercial paper market. Money from issues by British Gas and the Post Office will flow in early this year.

The overall policy will be determined in part by the underlying influences on the official reserves resulting from the Government's commitment to a stable sterling exchange rate. The authorities would presumably be reluctant to see too large a reduction in the level of the reserves from the end-November total of \$15.67bn.

The extent of borrowing will also depend on Britain's being able to raise money with sufficiently long maturities, after the remaining repayment hump, and on attractive interest rates.

This applies a constraint to Government policy insofar as it is necessary to maintain external confidence to undertake new borrowing. The Bank of England has referred to the general need for current account surpluses to provide for repayment of debt.

The largest remaining debt is the \$2.4bn owed to the International Monetary Fund following the early repayment of \$2bn last year.

# Weather

UK TODAY

VERY cold. Mainly dry with some rain, sleet or snow in the North.

London, E. Anglia, S., N., England, Midlands, Channel Islands, Wales, Lakes, Isle of Man, Argyll, Cent., S., E. Scotland.

Mostly dry with sunny periods. Max. Zero-2C (28-32F).

Highlands, Scottish Islands, N. Ireland

Sleet or snow showers with suny intervals, Max 5C (41F).

Outlook: Continuing cold with further snow in the North spreading south.

BUSINESS CENTRES

| | Y'day midday | °C | °F | | Y'day midday | °C | °F |
|---|---|---|---|---|---|---|---|
| Amsdm. | F | −6 | 21 | Luxmbg. | S | −10 | 14 |
| Athens | F | 20 | 68 | Madrid | C | 11 | 52 |
| Bahrain | S | 21 | 70 | Mnchstr. | F | −4 | 25 |
| Barclna. | S | 17 | 63 | Melbn. | S | 31 | 88 |
| Beirut | S | 18 | 64 | Milan | F | 4 | 39 |
| Belfast | C | −1 | 30 | Montrl. | Fg | 7 | 45 |
| Belgrade | R | 12 | 54 | Moscow | S | −24 | −11 |
| Berlin | F | −13 | 9 | Munich | Sn | −12 | 10 |
| B'ham | S | −5 | 23 | Newcstl. | Sn | −4 | 25 |
| Bristol | S | −4 | 25 | N. York | R | 13 | 55 |
| Brussels | S | −8 | 18 | Oslo | S | −18 | 0 |
| Budpst. | C | 4 | 39 | Paris | C | −5 | 23 |
| B. Aires | S | 23 | 74 | Perth | C | 28 | 82 |
| Cairo | S | 20 | 68 | Prague | Sn | −18 | 0 |
| Cardiff | S | −3 | 27 | Reykjvk. | C | −6 | 21 |
| Chicago | R | 6 | 43 | Rio J'o | S | 30 | 86 |
| Colgn. | Sn | −12 | 10 | Rome | F | 17 | 63 |
| Copnhn. | C | −8 | 18 | Singapr. | C | 29 | 85 |
| Dublin | S | −7 | 19 | Stckhm. | S | −17 | 1 |
| Edinbgh. | F | −3 | 27 | Sydney | S | 27 | 81 |
| Frankft. | F | −14 | 7 | Tehran | S | 4 | 38 |
| Geneva | F | −2 | 28 | Tel Aviv | S | 18 | 64 |
| Glasgow | C | −5 | 23 | Tokyo | S | 7 | 45 |
| Helsinki | C | −20 | 4 | Toronto | C | 1 | 34 |
| H. Kong | S | 20 | 68 | Vienna | C | −8 | 18 |
| Jo'burg | S | 25 | 78 | Wrsw. | Sn | −18 | 0 |
| Lisbon | R | 13 | 55 | Zurich | F | −8 | 18 |
| London | S | −3 | 27 | | | | |

HOLIDAY RESORTS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Ajaccio | F | 15 | 59 | Jersey | C | 0 | 32 |
| Algiers | S | 20 | 68 | L. Plms. | C | 19 | 66 |
| Biarritz | Sl | 4 | 39 | Locarno | S | 12 | 54 |
| Blackp'l | Sn | −3 | 27 | Majorca | S | 18 | 64 |
| Bordx. | S | 1 | 34 | Malaga | S | 18 | 64 |
| Cablnca. | S | 19 | 66 | Malta | S | 19 | 66 |
| Cape T. | C | 22 | 72 | Nairobi | S | 21 | 70 |
| Faro | R | 16 | 61 | Naples | C | 15 | 59 |
| Florence | C | 13 | 55 | Nice | S | 14 | 57 |
| Funchal | F | 20 | 68 | Nicosia | C | 18 | 64 |
| Gibrltr. | C | 17 | 63 | Oporto | R | 12 | 54 |
| Gurnsy. | C | −1 | 30 | Salzbg | Sn | −9 | 16 |
| Innsbk. | Sn | −2 | 28 | Tangier | F | 18 | 64 |
| Invrns. | Sn | −1 | 30 | Tunis | S | 18 | 64 |
| I. Man | C | 2 | 36 | Valencia | S | 18 | 64 |
| Istanbul | C | 14 | 57 | Venice | F | 7 | 45 |

C—Cloudy. R—Rain. F—Fair. Sl—Sleet. Sn—Snow. S—Sunny. Fg—Fog.